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NEWS SUMMARY

GENERAL

Moscow gains U.S. military secrets

Top-secret information on U.S. military aircraft, including the Stealth radar-evading bomber, has almost certainly been acquired by the Soviet Union, the CIA disclosed.

The information was in documents given to a Polish agent by a former employee of the Hughes Aircraft Corporation, convicted of spying last year.

U.S. Defence Secretary Caspar Weinberger ordered the incident's disclosure to tighten security in the scientific and technological fields. Page 3

Public sector pay

Pay rises of about 6 per cent for the armed forces and civil service are expected to be announced shortly. Back Page

BR strike threat

The National Union of Railwaymen threatened strikes if BR went ahead with plans to cut more than 5,000 jobs in 12 engineering workshops. Back Page, Page 8

Salvador killings

Seventeen El Salvador soldiers were killed in a clash with left wing guerrillas near the Honduran border.

Palestinians die

Two Palestinians were killed when Israeli troops fired after trouble in the West Bank towns of Halhoul and Saeer. Page 4

Syria-PLO pact

Syria and the Palestine Liberation Organisation agreed a common Middle East strategy and outlined conditions for Egypt to return to Arab ranks. Page 4

Iraqis attack

Iraq said its bombers attacked Kharg Island, the main Iranian oil export terminal, and warned all tankers in the area that they are liable to attack.

'Tolerate Pope'

Church of Scotland is urged by one of its own committees to be tolerant towards the Pope's visit there. In Rome, police arrested two youths alleged to have threatened to kill him.

Prostitutes' aid

Programmes to help integrate prostitutes into ordinary working life might qualify for financial aid, EEC Commissioner Ivor Richard said.

Holiday 'war'

Moves by three top tour operators suggest the holiday price war is heightening as company and sales less easy. Page 6

YOPs starters

One in every two youngsters who left school last year started working life on the Youth Opportunities Programme. A higher proportion is likely this year. Page 6

Ganging up

International terrorists are uniting with London criminals to run gangs in Britain's prisons, says Prison Service deputy director Gordon Fowler.

No hiding place

Trees with thin trunks are to be planted in inner Birmingham so that muggers cannot hide behind them.

Briefly . . .

Prince Charles visited Southall, London, scene of race trouble last summer.

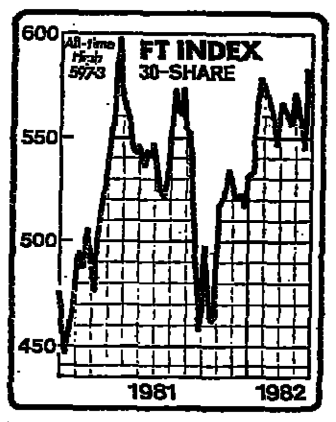
Bjorn Borg said he would not play any tennis tournaments until after Wimbledon.

Warrington rugby league club's stadium was wrecked by a fire.

BUSINESS

Equities advance; sharp fall for $

● EQUITIES tended to edge higher, although sentiment was affected by the disappointing



figures from ICI. The FT 30-share index closed 6.7 higher at 582.0. Page 31

● GILTS advanced, despite fears over the Falklands crisis. The FT Government Securities index closed 0.16 higher at 67.86. Page 31

● DOLLAR fell suddenly to DM 2.338 (DM 2.355), FFr 6.1025 (FFr 6.139) and Y235.5 (Y237.15). It rose slightly to SwFr 1.957 (SwFr 1.95). Its index was 113.4 (113.8). Page 38.

● STERLING closed 90 points higher at $1.7955 ($1.7865) and SwFr 3.515 (SwFr 3.485). But it fell to DM 4.1975 (DM 4.21), FFr 10.955 (FFr 10.965) and Y423 (Y424). Its trade-weighted index was 89.7 (89.4). Page 38.

● GOLD fell $1.5 to $350.50 in London. In New York, the Comex May close was $356.40 ($353.10). Page 25

● WALL STREET was 6.75 lower at 843.89 near the close. Page 30

● LLOYD'S of London is mounting an inquiry to ascertain how insurance brokers and underwriters arranged aviation insurance for Australia's Qantas airline.

● OIL RESERVES in the UK meet current British oil demand for over 50 years, according to an official report. Page 6

● EEC INFLATION rate fell to an annualised 11.7 per cent in March from 12 per cent in February, European statistics office announced.

● GRUPO INDUSTRIAL ALFA, Mexico's largest concern, meets its 98 foreign creditors today after suspending principal payments on its $2.3bn (£1.28bn) debt. Back Page

● PROVISIONS for periodic review of union closed shops should be delayed until after the next election, according to the head of the Engineering Employers' Federation. Page 9

● CHRYSLER, the third largest U.S. motor company, reported a smaller first quarter operating loss than expected of $89.1m (£49.6m) against $303m in the first 1981 quarter.

● NESTLE group first quarter sales dropped about 6.7 per cent, mainly because of the Swiss franc's high exchange rate. Page 27

● AEROSPATIALE, the French State-owned aerospace group, announced provisional 1981 earnings three to four times up on 1980s FFr 19m (£10.9m). Page 27

● HOOVER reported a reduced pre-tax loss in the first three months to March 31 of £1.9m against a previous £3.4m with reduced sales. Page 22

● GEO WIMPEY pre-tax profit for 1981 declined to £44.2m (£54.9m). Page 20; Lex, Back Page

● MARKS AND SPENCER sales rose 17.4 per cent in the period to March 31 and pre-tax £222m. Page 20; Lex, Back Page

CHIEF PRICE CHANGES YESTERDAY

(Prices in pence unless otherwise indicated)

RISES

Anderson Strclyde	117	+ 10
Avon Rubber	113	+ 6
Blue Circle	404	+ 26
Boot (H.)	223	+ 11
GEC	855	+ 8
Grindlays	206	+ 20
Hawley	91	+ 6
Hoover A	105	+ 8
Hopkinsons	120	+ 8
Land Securities	286	+ 8
Lee Cooper	128	+ 8
Office & Electronic	325	+ 10
Plessey	397	+ 10
Sainsbury (J.)	630	+ 10
Tarmac	540	+ 6
Tomatin	60	+ 4
Tube Invs	154	+ 4
Turner and Newall	68	+ 5
Utd Wire	96	+ 5
Vickers New	17pm	+ 4
Welbeck Invs	45	+ 3
Westland	110	+ 5
Wimpey (G.)	116	+ 9
Yarrow	310	+ 10
Yule Catto	97	+ 5
Candecca	218	+ 13
Carless Capel	192	+ 9
Marinex	123	+ 18

FALLS

Flight Refuelling	263	− 12
ICI	318	− 6
Wadkin	68	− 7

Little basis for optimism on peace moves, says U.S.

BY OUR FOREIGN AND POLITICAL STAFF

THE U.S. said last night that there was "very litle basis for optimism" that Britain and Argentine would find a peaceful solution to the Falkland Islands dispute.

One of the gloomiest statements on the crisis yet, was issued on behalf of President Ronald Reagan.

In London Mrs Margaret Thatcher gave a cautious reception to official U.S. peace proposals and went some way to restore a bi-partisan approach with Labour.

In Buenos Aires the junta wavered uncertainly between agreeing to negotiate on the U.S. peace plan, which would involve a major climbdown, and launching a pre-emptive strike at the Royal Navy task force which is now arriving at the islands.

The White House statement, made by Mr Larry Speakes, the President's Deputy Press secretary, said: "The situation remains very serious."

There had been no movement toward a diplomatic solution. "There is little basis for optimism, but we remain in touch with both parties."

The statement came as Britain prepared to impose a total blockade of the Falklands from noon, London time, today and as Mrs Thatcher was telling the Commons: "We must continue to intensify the pressure."

Mrs Thatcher made clear yesterday that Britain would enforce the total exclusion zone as completely as she has the naval exclusion.

Opening the fourth Commons emergency debate on the Falklands the Prime Minister declined to give details of the compromise proposals of Mr Alexander Haig, hte U.S. Secretary of State.

But she said "the proposals are complex and difficult and inevitably bear all hallmarks of compromise in both their substance and language.

"They have to be measured against the principles and objectives expressed so strongly in the debates in the Commons."

The clear implication is that Mrs Thatcher is unenthusiastic about the proposals.

But the Foreign Office appears to take a more favourable view, arguing that despite a number of defects they are in accordance with United Nations Security Council Resolution 502, which called for an Argentine troop withdrawal from the islands and for negotiations.

They could become palatable from the London viewpoint if Argentina agreed to withdraw her forces.

However, the Government is making no formal response until after the Argentines reply.

President Galtieri met a working group of military and civilian advisers yesterday to decide on Argentina's response to the U.S. proposals, amid signs of considerable division over their acceptability.

Pressure for a stated recognition of Argentine sovereignty over the islands, the basic issue bedevilling the negotiations for the past three weeks, remains the stumbling block.

According to Argentine news agencies, quoting foreign diplomats in Washington, the U.S. proposals are:

● A tripartite administration, involving Britain, Argentina and the U.S. would be set up in the Falklands, to run the islands for an interim period of five years.

● During this period negotiations for full transfer of administration to Argentina would take place according to a predetermined timetable.

● There would be a staggered withdrawal of Argentine troops from the Falklands and a gradual return of the British naval force to base.

● The interests of the islanders, as opposed to their wishes, would be "taken into account" in the discussions on the islands' future.

There is reported to be no mention in the proposals of sovereignty. Argentina insists she is obliged to take only the interests of the Falklanders into account, taking the cue from earlier UN resolutions calling for decolonisation of the Falklands.

Gen Alfredo Saint Jean, Argentine Interior Minister, said the proposals contained useful elements and had not been rejected.

"In no way will me accept a proopsal which does not contain recognition of our sovereignty as a special condition."

Some Argentina officers were believed to be urging Gen Galtieri to take advantage of Argentina's air superiority before the British air an dsea blockade is imposed.

In the Commons, the exchanges between Mrs Thatcher and Mr Michael Foot, the Labour leader, were more conciliatory than earlier in the week.

The bipartisan approach, which appeared near breaking point, just about held together.

Mr Foot resisted calls at a private meeting of the Parliamentary Labour Party for him

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FALKLANDS WEATHER: Winds NW Force 7 (30 knots) backing W; 10-12ft seas and 10ft NNW swells. Partly cloudy, scattered showers. Temperature 40F. Good visibility.

Falklands Crisis, Page 4
Callaghan leads unity calls, Page 8
How the Navy secures its signals, Page 10
Bankers freeze in their tracks, Page 19

Solidarity calls national strike

BY CHRISTOPHER BOBINSKI IN WARSAW

THE REMNANTS of Poland's Solidarity trade union leadership have called a 15-minute national strike to start at midday on May 13. They have also appealed for a one-minute halt of all street traffic in Poland at noon that day.

The call was accompanied by a demand that the military Government should reopen talks with the suspended union. It came as the ruling military council released the first of the 1,000 people it has promised to free from internment camps.

Four prominent leaders, who escaped the internment dragnet which followed the military clamp-down in December, met in secret last week to plan the moves after almost five months of apparent inactivity.

A statement prepared at the meeting said: "We are resolved to undertake any action, any form of pressure, in order to force the Government into recognising the necessity for talks with Solidarity leaders."

It was not clear whether the strike call—the date would mark five months of martial law—was intended to press the Government into negotiations.

It could be intended mainly to assess support for the union. "The co-ordination of this protest throughout the country will be a test of our Solidarity and strength," a statement said.

The underground leaders demanded that the Solidarity negotiators should be headed by Mr Lech Walesa, the union's national leader, who has been interned since December 13.

Other conditions to be met before talks could start were the release of all internees and an amnesty declared for all those sentenced under martial law for political offences.

The strike threat and the offer of talks come at a critical time for the suspended union, which claimed up to 10m members at the height of its influence last year.

The military Government has shown no signs of wanting to reactivate it. Activity among the membership has seemed to be waning.

If the response to the May 13 strike call is feeble, then the Administration led by Gen. Wojciech Jaruzelski will have won an important victory in its struggle to win obedience.

The demand for talks came in a statement signed by Mr Zbigniew Bujak from Warsaw, Mr Wladyslaw Frasyniuk, the head of the union in Wroclaw, Mr Bogdan Lis from Gdansk, and Mr Wladyslaw Hardek from Cracow.

In a conciliatory gesture, the statement dropped previous demands that martial law should be lifted and that the union be reactivated before talks began.

The four, who represent major regions where the union was best organised, said that they were ready to accept as a basis for talks with the

Continued on Back Page

Lower ICI profits surprise City

BY SUE CAMERON, CHEMICALS CORRESPONDENT

IMPERIAL CHEMICAL Industries surprised the City yesterday when it announced pre-tax profits for the first quarter of only £62m, which is £52m less than in the final quarter of 1981.

Most forecasters had expected profits in the region of £85m to £90m. ICI admitted last night that the figures were "pretty poor." The group's share price slumped from 322p to 306p immediately after the announcement of the results, but later rallied to 318p.

Mr John Harvey-Jones, the company's new chairman, warned last week that ICI still saw no signs of a general economic recovery, and yesterday the group again stressed that there was "no evidence as yet of a sustained upturn."

The £62m pre-tax profit was still £10m up on the profit for the first quarter of 1981.

The company said there were three main reasons for the 45 per cent drop in pre-tax profits from last year's fourth quarter to this year's first.

They were:

● Losses in ICI's huge petrochemical and plastics business are mounting and are thought to have accounted for almost £19m of the £52m drop. Main reasons for the losses are Western Europe's great over capacity in petrochemicals and plastics, allied to weak prices and poor demand.

● ICI's oil sales fell by 25 per cent, from £263m in fourth-quarter 1981 to £198m; its oil exports in that period went from £40m to £13m; and oil-trading profit was slashed by more than 50 per cent, from £25m to £12m.

The company said its dramatic fall in oil profits resulted from lower crude prices, a higher oil-tax bill and the fact that it reduced its oil liftings in the first three months of this year. It saw little hope of a quick end to the world oil surplus, and expected liftings to remain comparatively low, for the rest of the summer at least.

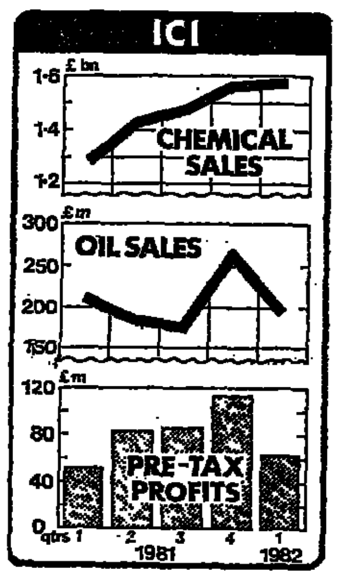
● Its £141m pre-tax profits in fourth-quarter 1981 were inflated by a £20m benefit from currency exchange rates. Exchange rates have had no significant impact on the latest figures.

The group's worldwide chemical sales were £1.583bn, which is 1 per cent higher than in fourth-quarter 1981 in both overall volume and value terms. But in volume terms sales in overseas markets rose by 2 per cent, while in the UK they fell by 3 per cent.

ICI is still heavily dependent on the UK, despite its long-standing determination to reduce this reliance. It admitted last night: "There is no doubt that the UK is our Achilles' heel."

ICI shares closed at 318p, down 6p on the day.

Details, Page 21
Lex, Back Page



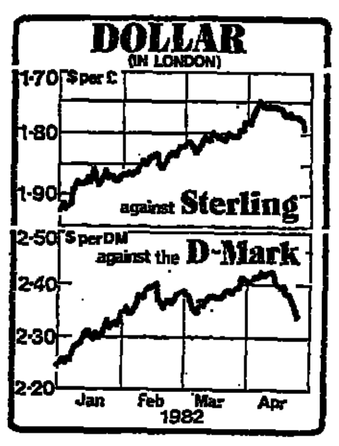
Wall St resigned to Budget deadlock

BY PAUL BETTS AND MAX WILKINSON IN LONDON

WALL STREET responded yesterday with resignation rather than despair to Wednesday night's collapse of the U.S. budget compromise negotiations between President Ronald Reagan and Congressional leaders on Capitol Hill.

In the European currency markets the dollar fell yesterday, losing about 1½ pfennigs against the D-mark against Wednesday's London close of DM 2.355 and New York close of DM 2.3565 to finish in London at DM 2.338. It also fell against sterling to close at $1.796 against $1.7865. However, dealers were generally uncertain about the reason for the fall, particularly as Eurodollar interest rates remained firm.

One said the movement against the D-mark may have reflected West Germany's improving trade position as well as a general expectation that U.S. interest rates could fall, rather than being directly related to the U.S. Budget impasse.



Sterling also weakened against the D-mark to close in London at DM 4.1975 against a previous DM 4.21, but the trade-weighted index of its value rose 0.3 points against a basket of other currencies, as measured by the Bank of England.

In New York, after opening sharply lower, the Dow Jones Blue Chip Index recovered some ground by mid session although it was still nearly four points lower on the previous day's close. Bonds, after an initial slump, also rebounded a little. But since Tuesday, when the markets became increasingly preoccupied of a breakdown in the negotiations, long bonds have shed about 1½ full points.

Many Wall Street economists said yesterday they never expected a budget compromise because the divisions were so large, with the President showing very little willingness to give up his tax cuts to ease pressures on the federal budget.

But they acknowledged that

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U.S. chances for early economic uplift weakened, Page 3
Money Markets, Page 38

£ in New York

—	April 28	Previous
Spot	$1.7845-7855	$1.7855-7870
1 month	0.31-0.26 pm	0.18-0.23 pm
3 months	0.60-0.65 pm	0.49-0.57 pm
12 months	1.80-1.90 pm	1.65-1.80 pm

Closed shop review delay urged

BY PHILIP BASSETT, LABOUR CORRESPONDENT

THE GOVERNMENT should postpone plans for periodic reviews of closed shop arrangements until after the next general election, Dr James McFarlane, director general of the Engineering Employers Federation, said yesterday.

Dr McFarlane was speaking at a Financial Times industrial relations conference in London, during which there was growing criticism by employers of key aspects of the closed shop proposals.

The level of unease seems likely to provoke a response on the issue from Mr Norman Tebbit, Employment Secretary, when he addresses the conference today.

The Government has not said yet whether it will invoke the closed shop clauses in the employment legislation in the first or second year after the Act comes into effect, but Mr Tebbit would almost certainly prefer to have the clause in operation before an election.

Dr McFarlane, though broadly supporting the Government's initiative on trade union reform, made clear this serious reservations on two key areas: the Government's plans for periodic reviews of existing closed shops and its tightening of the legal immunities enjoyed by trade unionists.

On the closed shop, he called on the Government to defer implementing the review provisions until after the next general election "so as to reduce the incentive for unions to make general political capital out of particular cases." Unions would not co-operate with ballots on the closed shop, and this could cause industrial relations difficulties in some factories.

On immunities, Dr McFarlane echoed the TUC line on the Bill that the provisions would hark back to the 1971 Industrial Relations Act, and that they could have the same fate. Unions could become "dangerously over-confident" that employers would not exercise their legal rights and then could find themselves with legal action brought against them—none of which would help industrial relations.

Disagreement about the future path of the Government's industrial relations legislation also emerged at the conference, mainly between Dr McFarlane and Mr Walter Goldsmith, Director General of the Institute of Directors. Policies put forward by both organisations were influential in shaping the Employment Bill.

Wide backing for move to curb union power, Page 9

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For latest Share Index phone 01-246 8026

EUROPEAN NEWS

Europe 'falling behind rivals' in high technology

BY GILES MERRITT IN BRUSSELS

THE EUROPEAN Commission says EEC industries are being squeezed increasingly between diminishing market shares in "traditional" areas of manufacturing and a "mediocre" performance in high technology. As a result, Europe is slipping steadily further behind Japan and the U.S.

In a special report entitled "The Competitiveness of European Community Industry", the Commission maintains that the EEC's original lead in advanced technology has given way to a serious "comparative disadvantage."

Commission experts base their figures on a formula that balances high technology exports against countries' share of world trade, and set a figure of 1.00 as an equilibrium between the two. In 1963, Japan's infant high technology industries permitted it to score only 0.56 on that scale, while the EEC countries enjoyed a strong comparative advantage and chalked up a surplus figure of 1.02 for that year.

The gathering speed of Japan's technological breakthrough can be seen by its score of 0.67 in 1970, which by 1980 had given way to a world-beating 1.41. During the 1963-80 period, the U.S. was found to have retained its technological edge, with a performance that has only gently weakened from 1.29 in 1963, 1.27 in 1970 and 1.20 in 1980.

The EEC member states' during that time collectively slipped to 0.94 in 1970 and only 0.88 ten years later. West Germany went from 1.21 in 1963 to 0.99 in 1980, and Britain from 1.05 to 0.94. Only Ireland advanced with a figure that rose from 0.43 to 1.03.

The report, which reinforces Brussels' calls for a concerted EEC "telematics" strategy and the abolition of internal barriers that are preventing a common market in high technology goods, is not limited to microelectronic equipment. The high technology products included in its analysis range from cars to aircraft and from machine tools to nuclear reactors. It points out that Japanese investment in such manufacturing sectors is now almost twice as high, as a percentage of GDP, than in either the EEC or the U.S.

Perhaps the most alarming finding, though, is that industrial exports in a number of EEC member states "are even specialising in product areas where they are — or will be — competing mainly with newly industrialised countries rather than with other developed countries."

Minister forecasts rise in Belgian inflation

BRUSSELS—Belgium's partial price freeze will be extended to the end of this year, but a rise in the inflation rate is almost inevitable, according to Mr Willy de Clercq, Finance Minister.

He forecast that real interest rates in Belgium will fall this year because of the rise in inflation.

Nominal interest rates could also fall more than expected if there are clear signs soon that the economy is back on the right track, he said.

Mr de Clercq said there is a serious chance that confidence in the Belgian economy can return rapidly if the country's balance of payments on current account looks like reaching the average of EMS member states within reasonable time.

Mr de Clercq said the main cause of the Belgian franc's weakness is the fact that Belgium's external imbalance measured in this way is by far the highest of all EMS countries.

Reuter

U.S. official rejects exchange rates action

By John Wyles in Brussels

MR MARC LELAND, Assistant Secretary at the U.S. Treasury, firmly closed the door yesterday to co-operation with Western Europe on reducing volatility in foreign exchange markets.

Nor would he endorse the forecast this week by Mr Timothy McNamar, the Deputy Treasury Secretary, that U.S. interest rates could fall sharply within 60 to 90 days.

His reluctance to indulge in forecasting also extended to the general economic outlook in the U.S. Prospects would be brighter if the White House had succeeded in agreeing a compromise on the 1983 budget with Congressional leaders this week, he said.

Nevertheless, he believed that the Administration's tax cuts and its monetary and anti-inflation policies were beginning to work and that a recovery could get under way "by the end of the year or early next year."

Mr Leland appeared to be trying to extinguish hopes in Europe that President Reagan can be persuaded into making policy adjustments under pressure from European leaders at the world economic summit at Versailles in June.

Interviewed on a special telephone link between Brussels and Washington, Mr Leland rejected the Bundesbank's criticism this week of the Administration's refusal to intervene in foreign exchange markets.

Washington, he said, did not believe governments were better judges than markets about exchange rate levels.

"Our basic view is that exchange rate problems come from differences in underlying economic policies. If there is greater co-ordination and if people are following more similar monetary policies and if everyone is attempting to reduce inflation rates, then you will see more stable exchange rates."

He did not believe that U.S. interest rates would stay at current levels indefinitely. They represented a "perception of the market about what is going to happen.

David Housego finds the car plant at Aulnay-Sous-Bois in a virtual state of siege.

Simmering discontent boils over at Citroen

THE CITROEN plant at Aulnay-Sous Bois on the outskirts of Paris came into full production in 1974 in the first year of M Giscard d'Estaing's presidency. Since then, there have been virtually no industrial disputes. On Thursday of last week, however, some of the assembly-line workers stormed out of the plant, precipitating a strike that has stopped production since Friday.

The tale of why it happened says a lot about the expectations that a left-wing Government had aroused in France, the difficulty of meeting them and of simmering racial violence in the suburbs of many cities.

Aulnay is known to many foreign visitors to Paris, though few are probably aware of it. The finished Citroens from the plant, stacked on rail wagons or parked row-upon-row, can be seen from the motorway on the drive into the capital from Charles de Gaulle Airport or from Calais or Brussels.

The plant employs 6,500 and manufactures the CX model, the Visa, the LNA, the Peugeot 104 Coupe (Citroen is a subsidiary of Peugeot), and light vans.

Yesterday, the factory seemed to be in a state of siege. A helicopter was ferrying management personnel out of the 500-acre fenced compound. Members of the Communist-led CGT union blocked all the road entries during the day.

At the main staff entrance, now bedecked with red CGT flags, a loudspeaker van blared out Arab music to those in the picket line and to the crowd of sympathisers—a reminder that almost all the workforce are immigrants, predominantly from North Africa but also from Turkey, Spain, Portugal and Yugoslavia.

Through the fence, one can glimpse management and staff who have remained in the compound. Reinforcing the siege image, the management have said they will make no statements to the press.

The strikers speak harshly of the company. "Working conditions in all Citroen plants are bad," says M Petar Milit, a Yugoslav and an official of the more moderate CFDT union, who has been with Citroen for 16 years. "But this is the ghetto." He has stayed with the company, he says, because he has a weak heart, which would make obtaining a job elsewhere difficult. He alleges that in February last year he had a heart attack while at work but was told by the foreman: "You'd have to be dead before I would get the ambulance for you."

CGT supporters are much more virulent. They complain of unremitting pressure on the assembly line. "There's not even the time to go to the WC," says M Mohed Said. "If you do, you're shouted at."

Assembly-line workers also complain of racial abuse from those above them—of being called a "dirty Arab" or a "Communist and Cossack."

"If you ask for something," says one, "you're told you're an Arab. If you're not happy, go home." It was an anonymous racist letter, beginning: "Dear Mustapha" and left in pigeon-holes at the factory, that the CFDT believes provided the final spark that led to Thursday's strike.

Until President Francois Mitterrand's victory last year, neither the CFDT nor the CGT had much of a foothold at Aulnay. The dominant union was the CSL "Confederation of Free Unions," which the strikers claim they were forced to join on threat of dismissal. As the strikers portray it, the union is aggressively right-wing, under the management's thumb, and employs ex-Foreign Legionnaires, among others, to intimidate its rivals. The "grosbras" (the strong-arms) can be seen on the other side of the wire fence.

CSL opposes the present strike and the other unions refuse to sit at the same negotiating table with its officials.

An important change that has come with M Mitterrand's victory is that the Government is forcing employers to recognise trade union representation. This has transformed the position of the other unions at Aulnay.

The CGT says, for instance, that it sought the protection of the Minister of Employment for 38 to 40 candidates it is putting up to represent workers at the factory, after violence against members. The protection has enabled it to organise meetings which paved the way for Thursday's strike.

Another recent cause of dispute has been the friction provoked by the introduction of the Government-inspired shorter working week. The strikers claim they are being asked to produce more in a shorter time, and that no extra labour has been taken on, as the Government intended.

The claims that the unions are putting forward represent a backlog of past grievances: the freedom of trade unions to organise; an immediate FFr 400 a month increase to supplement basic assembly-line pay of FFr 3,400—to FFr 3,600, which is close to the minimum wage and claimed to be the lowest in the car industry; a slower rhythm of production; an end to racialism, and so on.

The Citroen management, which apparently has substantial independence from its Peugeot parent, has so far declined to negotiate.

For the Government, intervention carries all the risks of further encouraging expectations in an industry whose markets are fragile and involving the issue of immigrant workers, where its policy is ambiguous. Citroen is not a typical French company, but the Government's dilemma over whether to back justice and jobs against greater industrial competitiveness, is at the heart of its industrial policy.

Illegal aliens to be expelled

ABOUT 40,000 foreigners face expulsion from France after failing to qualify for legal status, M Francois Autain, the Secretary of State for Immigrants, said on television yesterday, Reuter reports from Paris. When the Socialist Government came to power last summer, it said it would give priority to ensuring the rights and social benefits of illegal foreign workers by offering them a six-month period to apply for legal status. M Autain said yesterday that 160,000 people had qualified.

The 40,000 who face expulsion have been unable to prove reasonable employment or a source of income, the requirement for legal status.

Norwegian union abandons petrol blockade

BY FAY GJESTER IN OSLO

PETROL SUPPLIES returned to normal in most parts of Norway yesterday after the striking sport Workers' Union abandoned its attempt to block the movement of fuel by non-union drivers.

The union, in dispute over pay, had tried to stop supplies by picketing depots, refineries and the main Swedish border crossing point. The blockade was only partially successful, however, and was highly unpopular with the public. Some picket lines were broken up by angry gangs of independent drivers, others by policemen answering appeals from the oil companies.

In other ways, however, the effects of the stoppage are building up. Activity at ports is virtually at a standstill and factories all over Norway are having difficulty obtaining supplies and moving finished products. Industrial lay-offs as a direct result of the strike had topped 3,000 by mid-week. If it lasts much longer, many thousands more will be made idle.

The government arbitrator called a meeting of both sides on Tuesday, but neither was willing to re-open talks without concessions from the other in advance. The Minister of Labour Mr Arne Rettedal, is still refusing to enforce a settlement.

The Government's policy of standing aside and encouraging free bargaining seems to be working in other industries. Leaders of the Chemical Workers' Union, which organises about 13,700 employees in the electro-chemical and chemicals industries, reached agreement with employers on a pay increase of NKr 8 (18½p) per hour, the same as that secured last week by the Iron and Metal Workers' Union.

Like the metal-workers' deal, it provides for supplementary increases to be negotiated at plant level, depending on productivity and each company's ability to pay.

Pay agreements have also been reached for hotel and restaurant employees and aircraft mechanics. On the other hand, some 700 cannery workers have refused an NKr 2 per hour increase and are now on strike. Other groups which could down tools soon, if current talks fail, include printing workers and building employees.

Mr Rolf Presthus, the Finance Minister, claimed success so far for the Government's policy. He said that changes which he had made in the 1982 budget (drawn up by the previous Labour administration) had increased purchasing power and thus eased the spring wage bargaining. Without the tax concessions he had made, he claimed, workers would have claimed much bigger pay rises.

Savasta recounts career in terrorism

By Rupert Cornwell in Rome

AFTER A fortnight of legal skirmishing and technical recesses, the Moro trial has has begun here in earnest, with detailed testimony from Antonio Savasta, the Red Brigades leader who has turned state's evidence since his capture in Padua three months ago.

The 27-year-old Savasta was not a central figure in the kidnap and murder of Sig Aldo Moro, the former Italian Prime Minister, in the spring of 1978, the event which restrospectively marked the climax of the terrorist group's campaign against the state. But his co-operation with the authorities after his arrest when police freed General James Lee Dozier in January has contributed to the capture of more than 200 Red Brigades suspects. It has also done more than anything to eliminate the workings of an organisation which, for all its recent setbacks, still exerts a powerful fascination here.

Yesterday, for the second day running, Savasta recounted his career, from its beginnings as a high school agitator in what he termed the "ghetto" of the nondescript Prenestino district of south-eastern Rome, to his emergence as the Red Brigades most prolific single killer.

In the heavily defended court, the slight, bespectacled figure, neatly dressed in a grey roll-neck sweater and giving his evidence to the judges in a soft, jargon-strewn monotone, resembled a nervous pupil facing an examination board.

Before his capture Savasta led the Veneto region "column" of the Red Brigades, and has admitted 17 murders. This week he told the court he had abandoned the struggle because of the "impossibility of the group ever winning mass support," and its increasing irrelevance to modern Italian society.

Of the 63 people on trial, most of those who have refused to collaborate with the authorities have abandoned the court while Savasta has been giving evidence. In any case, their threatening abuse of their "repentant" former colleague has become much less strident, thanks to the tough line taken by Sig Severino Santiapichi, the presiding judge.

On Wednesday, he barred three Red Brigades defendants from the court for the rest of the trial, after they had publicly exulted in the murder the previous day of a Naples regional councillor and his driver by Red Brigades gunmen.

Presence in court is vital for the organisation if it is to make any impact on proceedings and on the country at large. Given that the outcome of the trial is largely a foregone conclusion, and that many of those charged are already serving lengthy sentences for other offences, the chance of a rare public hearing is one of the main attractions for them.

Ecevit remains cool amid the heat and the hailstones

BY METIN MUNIR AND JAMES BUCHAN IN ANKARA

A VIOLENT hailstorm interrupted the closing stages of yesterday's first session of the trial of Mr Bulent Ecevit, the former Turkish Prime Minister and chairman of the banned centre-left Republican Peoples Party (RPP).

As hailstones rattled on to the sweltering courtroom in the Mamak military barracks outside Ankara, neither Mr Ecevit nor his soft-spoken judge could be heard: lawyers, journalists and military police started at one another in surprise at this rude interruption.

Mr Ecevit's career since the imposition of military government in the autumn of 1980 has taken on an increasing unreality.

He is standing trial for writing an article for Der Spiegel, the Hamburg news magazine, and giving an interview to a Dutch television journalist, in alleged contravention of Military Decree 52, which bans former politicians from making public statements on the "past, present and future" status of Turkey.

Splinteed party

Mr Ecevit, dapper and controlled despite 18 days in the stockade, seems to recognise that his political career is over and that his party has splintered. Yet he continues battling to justify himself and his role in the chaos and terror that preceded the generals' third intervention into Turkish politics in 20 years.

If sentenced by the martial law court, he faces between six and 24 months' jail. He has already spent two months in jail for criticising the generals, and has been in custody since April 10. Any sentence would have the effect of keeping him in jail while the new constitution — being written by an appointed consultative assembly —is submitted to referendum in November.

While other politicians, including Mr Suleyman Demirel, who was Prime Minister during the coup in 1980, tend to keep silent, Mr Ecevit will probably face charges for a set of other public statements.

Above all, in a long deposition to the court, he made constant appeals to the memory of Kemal Ataturk, who founded the RPP and is also the generals' prime source of inspiration and legitimacy.

In the Spiegel article, he criticised the military rulers for crushing Ataturk's party and yesterday said of it: "I never dreamed that to praise Ataturk, his democratic character and to prove that his target was democracy would constitute a crime."

Surly guards

He also quoted Benjamin Franklin to the effect that those who sacrifice freedom for the sake of security deserve neither freedom nor security.

Throughout the process, Mr Ecevit was guarded by relays of surly military police and there seems no doubt that the military government under General Kenan Evren regards him as a threat, dislikes the Social Democratic twist he gave the RPP and fears his access to public opinion in a Europe the generals, however exasperated, still wish to please.

Mr Ecevit, however, seemed to be enjoying his return to centre stage. In the end, the judge reluctantly accepted an adjournment to study the various texts of the offending remarks and was bombarded by the three lawyers to accept a reconvening on June 4. Morning or afternoon? the judge queried wearily.

"Afternoon," chorused the lawyers, on their feet. "Morning," said Mr Ecevit. "You should know the workings of the Press by now."

Robert Graham examines the effects of the Falklands crisis on Spain's foreign policy

Hispanic past may risk European future

AS THE Falklands crisis deepens, the Spanish Government finds itself torn by conflicting pressures and loyalties. On the one hand, there is its priority policy commitment to join the Nato alliance and the EEC, so identifying Spanish democracy fully with the mainstream of Europe. On the other, lies its emotional and historic commitment to Argentina, the desire to ensure the well-being of about 1m Spaniards in Argentina and the consistent identification of the de-colonisation of the Falklands with that of Gibraltar.

The last thing the Government wishes is to jeopardise its European role but, equally, Spain may be forced to take sides by domestic pressures and the call of Hispanic solidarity. Public statements have already implicitly sympathised with Argentina, even though in private at the highest level the Spanish are insisting on wishing to be even-handed.

Arguably the most decisive act of Sr Calvo Sotelo's government since taking office in February 1981 was to apply to join Nato: the previous government of Sr Adolfo Suarez preferred to demur on the issue of joining the alliance.

In part, this reflected a feeling that Spain was not yet ready to take such a decision, having never been a member of a multilateral defence alliance. Yet it also reflected a genuine ambiguity and uncertainty over Spain's role in the world: cut off from Europe by the Pyrenees, historically linked to Latin America and North Africa, was Spain a neutral bridge between the latter and Western Europe? Or was it an integral part of Europe?

Sr Suarez's inferiority complex concerning his North European partners made the first option inherently more attractive, even though he knew that over 45 per cent of all Spanish exports went to the EEC compared with 10 per cent to Latin America.

Sr Leopoldo Calvo Sotelo, Spain's first Minister for European Affairs, had no such hesitations. Not only should Spain join the EEC but it must also play its ful part in the Western alliance by joining Nato, he insisted. This gave Spain full access to decision-making in Europe, and served to strengthen Spanish democracy by wedding Spain's fate to that of its prospective EEC partners.

Within this context the Spanish Government showed a new willingness to try and end the dispute over Gibraltar. A satisfactory solution to Spanish claims to sovereignty of the Rock was regarded as an essential element in cementing relations with the UK. The Spanish Government put much store by these relations, regarding the British as an important potential ally—especially *vis à vis* the French—in EEC negotiations. The Spanish also felt that the UK could offer useful help and advice, having joined the Community late and having brought with it the problems of its links with the Commonwealth.

Spain's links with the Spanish-speaking countries of Central and Latin America have never been institutionalised in a Commonwealth. They have remained bound up in a vaguely defined, but deeply felt, sense of "hispanidad"—or brotherhood of Spanish-speaking peoples linked by a common religion and close ties created by emigration. In spite of this difference between Spain and the UK an increasing identity of interest has been seen, aided too by the connection between the two Royal families.

Sr Leopoldo Calvo Sotelo . . . looking to Europe

When Argentine troops seized the Falklands the Spanish government found itself obliged to dissociate itself from the EEC's solidarity with Britain. This was the first indication that its declared aims of close identity with its European allies were not so easy in practice. Then, in the Security Council vote, Spain found itself abstaining alongside the Soviet Union in the call for a withdrawal of Argentinian troops.

The Spanish officials argue that they had no other option. They felt that to have done anything else could have prejudiced their position on other United Nations resolutions regarding Gibraltar. In this respect it is important to underline that UN resolutions on the Falklands, calling for their de-colonisation, are couched in similar language to those on Gibraltar.

Other considerations must be added to this. There are believed to be some 600,000 Spanish passport holders in Argentina and perhaps 1m Spaniards living there. This is a formidable number of nationals whose interests have to be considered.

Trade is a less significant factor: only 1.5 per cent of all worth $250m (£142m). Imports from Argentina are worth $220m. But there is a strong feeling among the older generation of Spaniards and Right-wingers that a great debt of gratitude is owed to Argentina for helping to supply foodstuffs in the early Franco years at a time of Spain's international ostracism.

Mixed with this is the latent popular feeling that anyone who thumbs their nose at the old imperial lion that still controls Gibraltar deserves some support. Meanwhile, Spain is deeply conscious as "the mother country" of how it will be judged by its Spanish-speaking brothers across the waters.

These domestic pressures have come to the surface over Gibraltar and largely account for the Spanish side's unwillingness to reopen the frontier at the present. That the agreement to postpone opening the frontier and talks on the future of the Rock from April 20 to June 25 was a decision taken jointly by Britain and Spain underlines the mutual desire not to be blown off course.

The Spanish already recognise, however, that if the talks are held in June they still see no reason for another postponement—the atmosphere will be strained.

Spain's uncomfortable predicament is rich in irony. At a time when it has geared its policy to closer ties with Britain, it risks seeing this undermined by being forced to side with Argentina—one of the Latin American regimes from which it has kept a deliberate distance. As a democracy, Spain has been cool to a junta that has been one of the most repressive in Latin America.

Falklands crisis, Page 4

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U.S. chances for early economic uplift weakened

BY ANATOLE KALETSKY IN WASHINGTON

R DONALD REGAN, the U.S. easury Secretary, said yestery the effective collapse of .dget talks between President onald Reagan and the Congress would weaken the chances r economic recovery this year.

As President Reagan, prered to address the nation on ime-time television with a ghting speech on the budget isis, Mr Regan went on telesion yesterday morning with string of other senior Administration officials and congresonal leaders.

Donald Regan: nervousness in markets

"There will be nervousness the markets," he said. "The onomic recovery, while it will ill come in the second half of is year, probably won't be as rong." This was because of e absence of an agreed plan reduce budget deficits.

The president, Mr Regan id, would now "definitely go n the offensive."

Last year President Reagan rced unprecedented spending uts through an un-cooperative ongress, partly by appealing irectly to the U.S. public for acking. He had hoped to avoid is strategy this year because f the decline in his personal opularity and the disillusionent with his economic proramme.

However, according to the White House, after the Democratic leadership's refusal to ompromise, the President is ow in a "feisty mood." He inends to exercise utmost presure on Republicans and conervative Democrats to back a lan as close as possible to his riginal budget.

Democratic leaders predict hat this year the President will ail in his attempt to dislodge he conservative, southern Democrats who last year enabled him to carry his budget plans though the House of Representatives, in which there is a Democratic majority.

"He will fail because his programme is failing and people understand that," said Mr Richard Rollins, the principal representative of the Democratic leadership in the collapsed budget negotiations.

Republican congressmen predicted "bloody" legislative battles in the coming months over taxes and spending.

The House and Senate budget committees will now each aim to produce their own budget plans. These will then have to be presented to the full Houses of Congress. If they pass, they will have to be reconciled, passed again, acted on by Congressional spending committees and finally combined into an "omnibus" authorisation Bill.

If, as is likely, this contains elements unacceptable to the President, it could then be vetoed. In fact it is uncertain whether the process can even reach the first stage, since there is no indication of a consensus on either the House or the Senate on a possible budget.

International Harvester reaches pact with UAW

BY RICHARD LAMBERT IN NEW YORK

INTERNATIONAL HARVESTER, the financially troubled U.S. truck and farm machinery manufacturer, has reached tentative agreement with the United Automobile Workers Union on the main points of a new employment contract.

Details of the deal, which is seen as an essential ingredient in the company's survival plans, will not be released until it has been ratified by union members over the weekend.

If approved, the agreement will take effect immediately, and replace the existing contract which was due to expire this October. It will run to October 1984.

The company first approached the union last November, and asked for concessions amounting to $100m (£56m) in the year to this October. This proposal was not accepted, and the already sour relations between the two sides further deteriorated in January following news of bonus payments to 3,000 International Harvester managers.

The union decided to resume negotiations in March after its pacesetting deal with Ford and in the light of International Harvester's mounting financial problems. Talks started early this month and continued until the early hours of yesterday morning.

Although the contract is expected to have some points in common with those already struck with the motor manufacturers, it has been tailored to meet International Harvester's more pressing financial needs. The union has been seeking some assurances about job security, but major concessions on its part appear certain.

Salaried workers have already taken a 5 per cent reduction in pay, as well as cuts in a number of benefits.

Premier dissolves Bahamas Parliament

THE Prime Minister of the Bahamas, Mr Lynden Pindling, has dissolved Parliament and set June 10 as the date for a general election, Nicky Kelly writes from Nassau.

Mr Pindling's Progressive Liberal Party holds 31 of the 38 House of Assembly seats. The opposition Free National Movement has four seats and the minority Social Democratic Party two. The remaining seat is held by Mr Norman Solomon, former SDP leader, who resigned from the party earlier this month. He will contest the election as an independent.

The election was announced on Wednesday, one week after a House committee investigating bribery and influence peddling reported that it had found no evidence to support allegations that the Prime Minister, other Cabinet Ministers and civil servants were involved in a scheme to grant wide-scale concessionary rights in the Bahamas to a U.S. businessman.

Baldridge hopeful on trade with Japan

Mr Malcolm Baldridge, U.S. Commerce Secretary, said in New York yesterday that he expects real progress soon on U.S. attempts to reduce its trade imbalance with Japan, Reuter reports. Last year, Japan exported $37.6bn (£20.8bn) merchandise to the U.S., giving it a $15.8bn surplus on U.S. trade.

Mr Baldridge hoped trade liberalisation measures to be drawn up by Japan in May "would run the whole gamut" of Japanese non-tariff barriers to trade.

In further comments, Mr Baldridge said he believed the dollar was "overvalued" and was hurting U.S. trade.

While acknowledging that the strong dollar had helped the U.S. lower inflation by reducing the price of imports, Mr Baldridge said it was detrimental to U.S. exports. "I'd like to see a more realistic realignment, but I think the market place has got to do that."

Alsands consortium to meet today

A MEETING of the Alsands consortium to discuss terms of the $13bn (£7.2bn) synthetic fuel project has been postponed until today, a consortium official said, Reuter reports from Calgary.

The group wanted an extra day to study new royalty and oil pricing measures offered by the Federal and Alberta Governments, he added.

The consortium had earlier said the project would be cancelled if the Federal and Alberta governments did not come up with more attractive arrangements for the project.

Canada, U.S. want more pipeline backing

The U.S. and Canadian Governments want more commitment by financiers to the Alaska natural gas pipeline, Mr Mark MacGuigan, Canada's External Affairs Minister, said yesterday, Reuter reports from Ottawa.

Mr MacGuigan took the unusual step of releasing an exchange of letters with Mr Alexander Haig, U.S. Secretary of State, to underline his concern that lack of financing for the $43bn (£24bn) pipeline, and further delay, might affect Canada's commitment to it.

The 4,800-mile pipeline is scheduled for completion in the late 1980s.

Brazil travellers' allowance doubled

Brazil has decided to double the foreign currency allowance for Brazilians travelling abroad, Reuter reports from Brasilia.

The National Monetary Council resolved to raise to $2,000 from $1,000 the amount of a currency a Brazilian can receive at the official rate of exchange before he leaves for a foreign country.

The council also decided to cut a government tax on hire-purchase agreements.

U.S. seeks ways to dispose of silver

U.S. Administration officials have reaffirmed that no silver needs to be held in the national defence stockpile, and said they are examining ways of disposing of the existing surplus, Reuter reports from Washington.

Moscow obtains vital U.S. military secrets

BY REGINALD DALE, U.S. EDITOR IN WASHINGTON

TOP SECRET information about the latest U.S. military aircraft—including the ultra-modern Stealth radar-evading bomber—has almost certainly been acquired by the Soviet Union, the Central Intelligence Agency (CIA) disclosed in Washington yesterday.

In a report called "Soviet acquisition of Western technology," the CIA said the development "put in jeopardy existing weapons and advanced future weapons of the U.S. and its allies."

The information was contained in more than 20 highly classified documents handed to a Polish agent by a former employee of the Hughes Aircraft Corporation, who was convicted of spying last year.

Mr Caspar Weinberger, U.S. Defence Secretary, ordered the report to be distributed as part of his campaign to tighten security in the scientific and technological fields.

The information included details of the "quiet" radar system to be used on both the B-1 and Stealth bombers that are currently under development and the top-secret "look-down-shoot-down" radar system that had been thought to give the U.S. F-15 fighter an edge ov Soviet rivals.

Other weapons co mised included the Navy's leading air- missile, the Phoenix, Patriot and Hawk surfa air missiles, a submarin sonar system and systems for tanks and

Kim Fuad in Caracas traces the history of Venezuela's claim to two-thirds of Guyan

Negotiations to the sound of rattling sabre

The crisis in the Falkland Islands has reactivated another territorial dispute between Venezuela and Guyana. The Venezuelan President has rejected demands by ultra-nationalists to seize by force the disputed territory in Guyana, and has said he will press the claim through negotiation.

VENEZUELA AND Guyana's long-standing argument over jungle territory, twice the size of Ireland and reportedly rich in minerals, may be brought to a head by the Falkland crisis. Venezuela's ultra-nationalists have openly called for the South American oil giant to follow the "Argentine example" and retrieve by force the 50,000 square-mile area of "Guyana Essequibo" which forms the western half of the Republic of Guyana and represents two-thirds of the former British colony's overall territory.

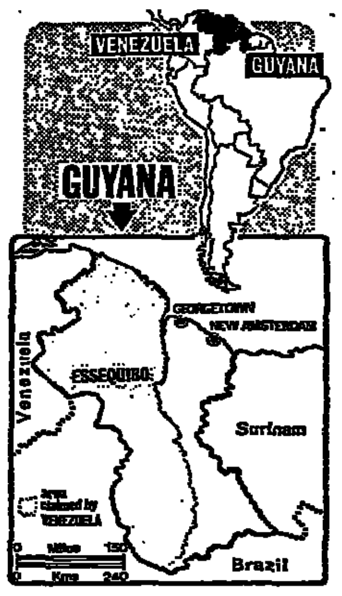
Sr Luis Herrera Campins, the Venezuelan President, has rejected the ultra-nationalists' demands, however, insisting that there is no link between Argentine claims to the Falklands and Venezuelan claims to Guyana Essequibo. Dr Herrera has indicated that Venezuela will pursue its claims through negotiation, upon the expiration this year of an agreement made in 1970 between the two countries which froze negotiations.

Guyana Essequibo was held successively by Spain, the Netherlands, Britain and, finally, the Republic of Guyana. It is claimed by Venezuela on the basis of having formed part of the original Spanish captaincy won by Venezuelan patriots led by Simon Bolivar in the early 1800s. In 1899, Mr Grover Cleveland, the U.S. President, promoted an arbitration which denied Britain's territorial claim to the banks of the Orinoco River but, as a compromise, gave Britain the disputed strip of 50,000 square miles.

Wracked by civil wars and dictatorships until 1958, Venezuela repeatedly protested against the 1899 decision, but was unable to make more than token attempts to win back the territory. Finally, on February 17, 1967, following a vigorous diplomatic campaign by former Presidents Sr Romulo Betancourt and Sr Raul Leoni, Venezuela, Britain and Guyana agreed to reopen the issue by establishing a mixed-nationality border commission.

A series of events during the four-year lifetime of the commission served to heighten tension over the issue. In 1966, the Venezuelan armed forces occupied the island of Anacoco on the border, despite Guyanese protests that half of the island was theirs.

On January 2 1969, a group of ranchers and American Indians staged a brief, bloody revolt against the Georgetown government of Dr Forbes Burnham, Guyana's Premier, attacking the cattle-farming centre of Lethem in Guayana Essequibo with mortars and automatic weapons. Guyana accused Venezuela of training and arming the rebels and trying to sub-



vert the 30,000 American Indians living in the area.

The Christian Democratic government of President Rafael Caldera inherited this issue and moved to defuse it as part of its strategy of expanding Venezuelan influence among the English-speaking Caribbean islands. In June 1970, the so-called "Protocol of Port of Spain" was signed whereby negotiations were frozen. The protocol was sharply attacked by Venezuelan politicians and Congress refused to confirm it, but Venezuelan-Guyanese relations improved in its wake.

Dr Caldera's successor, Sr Carlos Andres Perez, went even further in his efforts to resolve the dispute, posing an agreement in which the disputed area would be split up and Venezuela would use its oil-financed income to help joint development of the area with Guyana.

Sr Perez's administ which tried to ease strain lations with Cuba, ac Guyana's slide towards th until the Burnham gover began co-operating with C transporting troops to A

The current Venezuel ministration has taken a stronger anti-Cuban lin flecting its own commitme El Salvador. This swing right accelerated the deter relations with Guyana. F last year, when Dr He made an official visit to Ca disagreement came out in open: the Venezuelan and Guyanese heads of state opposite views on the dis area.

Since then there has b steady increase in verb changes in both cou media. Among Venezuelan plaints are reports that G has opened the Essequibo to oil exploitation: photog recently published in C supposedly showed a Ca oil rig drilling in the dis zone. Despite the drum-be however, Dr Herrera ha sisted that Venezuela wil go back on its plans to p its claims through the r ing of the 1966 Geneva mixed border commissio Herrera has also pu scolded the Venezuelan for its sabre-rattling.

OVERSEAS NEWS

Britain and France run neck and neck in race for Indian contracts

BY K. K. SHARMA IN NEW DELHI

"THE GUYS," said a U.S. official diplomat in New Delhi plaintively about his counterparts in Western European embassies, "put on their packs, pick up their brief cases and go from door to door seeking orders from companies." Then he frowned. "We cannot do that. The Government does not want us to. Besides, which company would we project without being accused of favouritism."

The U.S. is thus losing out to its rivals in India. West European embassies have been quick to catch on to the Indian Government's new strategy to deal with the current acute shortage of foreign exchange and the flood of internal resources. The signal sent back to their countries is loud and clear: given the right mixture of government aid and commercial credits, the Indians will give contracts for steel plants, metallurgical factories, oil drilling, port development, power stations and a range of projects that would otherwise not materialise.

Mr Harry Barnes, the U.S. Ambassador, says his country is not interested in turnkey projects which he describes as "one-time contracts," but this is making a virtue out of necessity. The reason simply is that his country is unable to take advantage of the Indian Government's opening up of the economy to foreign investment as part of its strategy — a key ingredient of which is its offer of mammoth projects to other countries provided they find the right kind of financing package.

The result is that the British, French, Germans, Italians and other Western Europeans are vying with each other to bag the contracts being offered. At present, Britain and France seem to be running neck and neck. Following the exchange of visits by their respective Prime Ministers, Britain has secured a £1.5bn steel plant in Orissa State and a £600m super thermal station in Singrauli, Uttar Pradesh.

The French are building a £890m alumina plant in Orissa and have a stake in India's offshore drilling programme in the western continental shelf that could be worth several hundred million pounds. Both the British and the French are competing for communications projects and development of the Bombay satellite port of Nhava Sheva. Both tried for, but lost to the Japanese, the deal to make a new passenger car for the Indian market which Suzuki has just captured.

In each case, the contract has been won because it had the right kind of financing package: a combination of commercial credits, syndicated by European banks, and governmental grants or cheap credit so that the average interest rate is attractively low. The Singrauli thermal plant now being discussed with Northern Engineering Industries (NEI) of Britain, for instance, will probably be financed by credits worth an average of 7.5 per cent in place of more than 18 per cent that would have been charged had the loans been taken only from Eurocurrency markets.

The Indian Government's strategy is the result of the deterioration in the climate for foreign aid because of cuts in funds from the World Bank and its soft-loan affiliate, the International Development Association (IDA)—40 per cent of the assistance from which traditionally came to India. Since this has been sharply reduced and traditional bilateral donors are also slashing their foreign aid budgets, the Government has been forced to find other sources of finance.

This also includes straightforward commercial borrowings abroad in the fiscal year 1981-1982, the Indian Government approved a record $1.35bn (£770m) worth of loans by public and private sector companies from the world money markets compared to a paltry $75m the year before. As many as 33 companies got loans to import capital goods, finance projects, purchase ships and aircraft and set up hotels in New Delhi in preparation for the Asian Games later this year. For the first time this makes India a major borrower of non-concessional funds abroad.

Accompanying the selective opening of the economy to foreign companies and financing, the Government has embarked on a major liberalisation of its economic policies. The object is the removal or easing of cumbersome restrictions and licensing procedures that have inhibited private investment by those most capable of it. This includes both foreign companies and the so-called "monopoly large industrial houses" covered by the curbs on expansion imposed by the Foreign Exchange Regulation Act (FERA) and the Monopolies and Restrictive Trade Practices Act (MRTP).

Earlier this month, the Government made two major announcements on liberalisation that will greatly help the private sector—foreign and Indian—to expand. The latest is the liberalisation of industrial policy which permits many, though not all, foreign companies and "monopoly houses" to invest in five major new areas of industry.

More important, they can expand their established capacity by a third, provided their products do not compete with small units (with an investment of Rs5m, or £300,000) or dominate the market. At one stroke, this enables companies which were banned from expansion to increase their production by 33 per cent and to invest in new areas without necessarily bringing in technology or exporting their output as would normally be required.

Equally important, was the announcement at the beginning of April significantly liberalising imports of capital goods, raw materials and technology despite the alarming rise in India's trade gap (expected to be nearly Rs60bn in 1981-82). This is based on the practical consideration that the country's exports cannot increase unless industry is allowed to modernise and thus increase its capacity to compete abroad.

Both policies, and the general opening up of the economy, have been greeted widely by foreign companies and Indians, even though the latter will be finally exposed to competition from abroad and less sheltered than before by tariff and non-tariff barriers. This is based on an encouraging new pragmatism bereft of the ideological Socialist considerations that have hitherto guided Indian politicians, including Mrs Gandhi, who is now gambling on market forces and an open economy to put the country on the path of growth.

Syria and PLO agree strategy

By Ihsan Hijazi in Beirut

SYRIA and the Palestine Liberation Organisation have announced agreement on a common strategy on the Middle East and listed conditions for Egypt's return to the Arab fold. Their joint statement issued after talks in Damascus yesterday said that Cairo would be welcomed in Arab ranks if it renounces the Camp David agreements and the peace treaty with Israel.

The statement was signed by Syria's ruling Baath Party and Fatah, the mainstream guerrilla group. It said officials of the factions will meet Syrian leaders in a week to sign the principles of the new common strategy.

Once this is done, the policy will be binding both on the Syrian Government and the PLO as a whole. The PLO groups are guerrilla factions.

Meanwhile, Mr Arafat, chairman of the PLO, was in Saudi Arabia yesterday reportedly to mediate in a sharp conflict between the oil-rich Kingdom and Libya.

The guerrilla leader had earlier visited Tripoli and met Col Muammar Gadaffi.

Reuter reports from Cairo: President Hosni Mubarak, in a letter to King Hassan of Morocco yesterday pledged Egyptian resolution to struggle for Arab and Islamic causes.

Israel troops shoot two Palestinians dead in clashes

BY DAVID LENNON IN TEL AVIV

TWO PALESTINIAN youths were shot dead during clashes with Israeli soldiers on the occupied West Bank yesterday. A third died from wounds received during an anti-Israel demonstration last week.

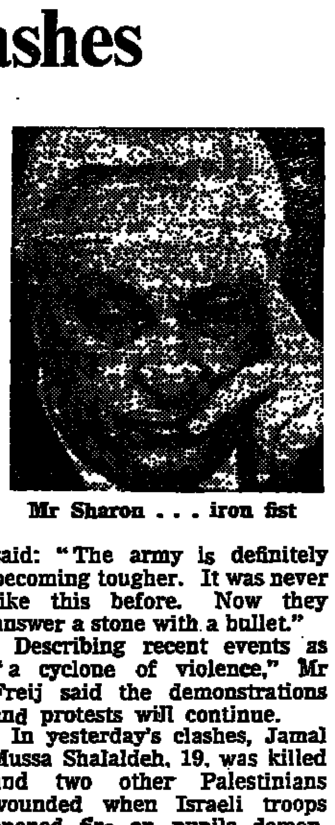
This brings to over 12 the number of Arab youths killed by Israeli soldiers during the past month of bloody clashes between Palestinians demonstrating against the occupation and soldiers implementing the new iron-fist policy of Mr Ariel Sharon, Defence Minister.

In this time, three elected mayors have been dismissed, and curfews imposed.

Schools have been closed and travel in the occupied territories has become unsafe, as even Palestinians in previously quiet hamlets have taken to resisting the occupation.

Mr Sharon, who in the early 1970 subdued the population of Gaza while serving as commander of Israel's southern front, has made it clear he will continue a similar policy on the West Bank until all active opposition to the occupation is crushed.

In Bethlehem, the scene of many demonstrations in recent weeks, Mr Elia Freij, the mayor



Mr Sharon . . . iron fist

said: "The army is definitely becoming tougher. It was never like this before. Now they answer a stone with a bullet."

Describing recent events as "a cyclone of violence," Mr Freij said the demonstrations and protests will continue.

In yesterday's clashes, Jamal Mussa Shalaldeh, 19, was killed and two other Palestinians wounded when Israeli troops opened fire on pupils demonstrating in Halhoul near Hebron.

A second youth died in the nearby village of Si'ir when soldiers fired at villagers who ignored a curfew order.

U.S. steps up military aid to Tunisia

By Frank Ghiles in Paris

U.S. MILITARY aid to Tunisia and Morocco is to be stepped up sharply next year. Aid to Tunisia will nearly double to $140m and the Tunisians are to purchase 12 F5 fighter aircraft, worth about $200m.

No figure for U.S. military aid to Morocco has been decided but the subject, together with the possible use by the U.S. Air Force of facilities at Moroccan military bases will be at the heart of talks between King Hassan and President Ronald Reagan due to be held in Washington in just over two weeks.

Earlier this week, the recently created U.S.-Moroccan military committee met for the first time in Fez, with King Hassan in the chair.

The Moroccans claim that the Polisario liberation movement is using Sam 6 and Sam 8 anti-aircraft missiles, following the loss of four aircraft last autumn over the Sahara. King Hassan's military advisers are very keen to find a suitable deterrent.

U.S. interest in helping pro-Western countries in North Africa must be seen in the context of Washington's attitude to Libyan President Col Muammar Gadaffi.

Hong Kong 'could seek finance from ADB'

BY ROBERT COTTRELL IN HONG KONG

HONG KONG'S Financial Secretary, Mr John Bremridge, told the Asian Development Bank yesterday that falling land sales revenue could lead Hong Kong to seek loan finance from sources including the Asian Development Bank.

Mr Bremridge, addressing the ADB governors in Manila, said that in the present financial year revenue from land sales and elsewhere would be "adequate to finance a major part of our expenditure on capital works," and the Government was forecasting a budget surplus.

But, he continued, "we have consciously brought ourselves nearer to the position in which we may have to seek alternative forms of finance to sustain expenditure on our capital works programme."

Some industrial land prices, Mr Bremridge said, had already fallen by 5 per cent this year. He attributed the drop to both the high volume of Government sales and high interest rates.

"The present trend in land prices could be prolonged," he added, citing Hong Kong's dependence on world trading conditions which were now unfavourable. The Government would continue making available as much development land as possible.

Hong Kong has told the ADB in the past two years that it does not propose seeking further loans for the time being. Between 1975 and 1980 it drew four loans of $20m (£11m) each to finance projects at Shatin in the New Territories.

But Mr Bremridge said yesterday that Hong Kong "has not surrendered and will not surrender its right to borrow from the bank," though any borrowing would reflect "appropriate degrees of sensitivity."

Chinese to debate revised constitution

BY COLINA MACDOUGALL

FOR THE chaotic years of the Cultural Revolution, the Chinese behaved as if they had no constitution. They they abolished their all-but-suspended 1954 document, and, under the influence of Mao in 1975 and 1978 produced two short charters which were obediently rubber-stamped by a docile National People's Congress.

This week, after a year's work, a long draft constitution which delimits much more clearly than its predecessors the rights and duties of the state and citizens, emerged. It will be debated throughout China until the NPC meeting in the autumn, when it will probably become law.

The document enshrines many of the principles—including the aim of modernisation and the reunification with Taiwan — which China's strong man Deng Xiaoping has tried to establish since 1978, and marks another milestone in China's slow progress towards stability and growth.

Key provisions of the draft are the institution of a state chairman (abolished in 1975 but in abeyance since the death of Mao's opponent Liu Shaoqi while holding the post in 1967); a central military council to lead the armed forces and an increase in the power of the NPC standing committee. The draft adds new weight to the Government, as opposed to the Party.

The change with the widest impact will be the suggested restoration of the old town and village system to replace the Maoist communes. After 25 years of the indifferent performance from this system, China is to revert to the old way of running local government.

To halt the financial chaos which nearly wrecked the Chinese economy during the past 15 years, the draft constitution provides for China's first ever top-level auditing organisation. It will supervise the flow of revenue and expenditure, verifying the accuracy and legality of the budget. The chief auditor will have a seat on the State Council (cabinet).

But workers will lose out. The right to strike, inserted in the 1975 constitution by Mao himself and retained in the 1978 one, will go. The right to put up wall-posters (attributed also to Mao), deleted two years ago, has not been restored.

But all citizens are equal before the law, the draft states.

The constitution will still be subject to the interests of the Communist Party, but the debate which is likely to start now is some guarantee that the rights and obligations outlined in it, if not perfect by Western standards, will carry some weight in Chinese political thinking.

THE FALKLANDS CRISIS

Unions give warning on economy

Jimmy Burns in Buenos Aires

ARGENTINA'S main trade union movement, the General Confederation of Labour (CGT), has resumed its attacks on the Government's economic policies after a brief truce called as a result of the Falklands crisis.

In two separate and equally strongly-worded statements, the CGT has flatly rejected a Government suggestion that wages should be marked this year by a joint communiqué by government, unions and employers.

The movement also warned of the economic consequences of the Falklands dispute. "We demand that the workers are not made to carry the burden of the crisis," one statement said.

The movement said it still supported Argentina's claims to sovereignty over the Falklands. But it stressed that "this should not signify that we have forgotten the serious economic problems and conditions which are faced by the workers, the result of an economic policy that has submerged the country in hunger and despair."

The statement came amid growing indications that the unions, largely under the control of the main opposition grouping, the Peronists, are exploiting the Falklands crisis for their own political ends.

On Monday the CGT staged a major rally in front of the Presidential Palace in May Square. Officially, the demonstration was called in support of the Government's defence of national sovereignty during the Falklands crisis. But the rally had an underlining political tone.

Banners proclaiming "English out of the Malvinas"—Argentina's name for the Falklands—and "Homeland First" were mixed with "Galtieri, Galtieri, Take Note of the People." Banned Peronist songs were sung as many times as the national anthem.

Some union officials have been resisting pressures from the grass-roots of the CGT, who want to step up industrial action against continuing lay-offs and a wage freeze.

But these officials are now making a condition of their continued political liberalisation, as well as continuing support for the Government during the Falklands crisis, a promise of greater say in a change in the Government's economic policy.

FUEL TANKS ACT AS BALLAST

British ships need frequent refuelling to maintain stability

BY BRIDGET BLOOM, DEFENCE CORRESPONDENT

MANY OF the warships in Britain's naval task force have to be refuelled every two or three days, which could affect the flexibility of the fleet now in the South Atlantic.

Frequent refuelling is necessary because the fuel tanks in these modern British warships act as ballast. If the tanks are drawn down by more than 50 per cent, the stability of the vessel, especially in high seas, is said to be seriously affected.

One reason for this is that the weaponry of modern warships tends to be located towards the top of a ship. The newest Sea Dart missile, for example, is situated just below the upper deck. Only 25 years ago a warship's main armament — notably shells for the magazines for the 4.5 in or 4.7 in guns — were located in the bottom of the ship.

According to naval experts, the Type 42 destroyers and the Type 21 and 22 frigates now with the force—half of the official list of 18 warships—have to be refuelled frequently if their stability is to be maintained.

The Government has assembled a major fleet of tankers for the purpose. Five of the Royal Fleet Auxiliary's eight tankers are involved, while 11 other tankers have been chartered from commercial companies.

One further RFA tanker, which had actually been sold and was on the way to Chile, has been diverted for use with the task force.

The need to accommodate advanced radar has also contributed to the "top weight" of warships.

However, if that is the major reason, some naval experts believe warship designers have failed to cope adequately with the problems posed by the new conditions. It is reported that to correct the stability problem the Type 21s—of which there are at least three in the South Atlantic—have had concrete laid in their hulls.

The problem has a number of key implications. The fleet has not been able to travel much faster than its slowest tanker—some 15.5 knots. The large tanker fleet also needs its own armed escort ships.

Invincible's cost to Australia

THE AUSTRALIAN Government yesterday announced a range of defence cuts to pay for the purchase of HMS Invincible, the Royal Navy aircraft carrier at present with the British fleet off the Falkland Islands, Michael Thompson-Noel writes from Sydney.

In the current year, Australia is committed to spending A$3bn (£1.8bn) on defence equipment, including A$500m on the purchase of Invincible and her refitment.

SHIPS with high "top weight": from top, HMS Sheffield, type 42 destroyer, HMS Brilliant, type 22 frigate and HMS Arrow, type 21 frigate

Andrew Whitley writes a Buenos Aires diary

Fine words and Latin gallantry

WATCHING the comings and goings of Mr Haig, the exchange of bellicose salvoes with Britain, and the sharp changes of mood in Argentina over the past four weeks have been like being on a roller coaster. Exultation one day, despair the next.

The generals play the negotiations as if they are taking part in a Verdi opera, full of fine words and Latin gallantry for what they are sure must be Mrs Thatcher's hurt feelings. The fact that they are dealing with a lady (even if she is said to be made of iron) must have convinced Argentina's macho men — if only subconsciously— that they need not take toothless old Britain too seriously.

* * *

FOR the sake of those who before "the events" thought of Argentina only in terms of football, Evita Peron and the pampas, it is worth repeating one catch phrase about the make up of Argentines: that they are Italians who speak Spanish and think of themselves as English. There is much truth to the observation. It helps illuminate the sense of principle as well as emotional commitment which Argentines bring to the Falklands question.

* * *

A WET, very English day in Buenos Aires. On days like these, when the black umbrellas jostle with each other along the pavements and the elegant cafes fill up with office workers having one last coffee before going home to the suburbs, it is easy to blink and think this is some great European metropolis, not a Latin American city which its detractors — usually Argentines themselves — say has been on the slide since the Second World War.

LITERACY is over 90 per cent, the highest rate in Latin America, and Argentina has had a fine newspaper tradition. Clarin, an 8-page tabloid, is a good example of what popular journalism should be about. In contrast, years of censorship and a heavy military hand equating thought with potential opposition have ossified the staid establishment newspapers La Prensa and La Nacion.

* * *

THE CONTRAST in cultures between Argentina and its chief regional rival, Brazil, is striking. Most telling is the evident strength and depth of the middle and lower middle classes in Buenos Aires; creating a comfortable civilised lifestyle based on family restaurants, theatres and fashionable clothes. It is a lifestyle which has been badly squeezed by year after year of triple digit inflation and violent changes of economic direction. As the family treasures of generations are unearthed, the Sunday antiques market in the San Telmo district provides rich pickings for anyone who has dollars in his pocket. Collectors' note: art deco objects are particularly good.

* * *

RETAIL SALES of luxury goods had been disastrous for months. Then God sent the world's Press corps moving on from El Salvador in a horde the mongols would not have been ashamed of. Led by the American television networks, they have bought up half the city, boosted Sheraton Hotel's profits by a good few dollars and saved many an old established but struggling restaurant.

* * *

UNEMPLOYMENT is one issue which will not disappear because of the Falklands crisis. A line of 60 tired-looking men wait to be interviewed for a cleaning job. One, Oscar Gaynna—a 27-year-old mechanic with four children—has already been out of work for two months. He has to travel three hours each way by bus every day to get into the city centre to look for a job. Outside the capital, he says, those who can are clearing shop shelves in preparation for a long difficult period. He wishes he could do the same.

* * *

THE BALDING, dapper pianist at the Niarkos restaurant on Suipacha plays Gershwin and Cole Porter. Half-full even late at night on a weekday, the restaurant is in a nostalgic mood. Some of the young customers spinning out their glasses of wine were probably out in the big political demonstration earlier in the day denouncing Yankee and British imperialism. Everyone joins in the pianist's songs. The war the Government says is imminent is very far away tonight.

* * *

GENERAL GALTIERI opened a Pandora's box when he invoked popular backing for the recovery of the Falklands and he may well be having private worries about the dangers he has released for the survival of the military régime. "We fought to get rid of these people for the past six years, and now see what happens," one man shouted at another in a crow craning to see the latest news on the newspaper's bulletin display boards. Peronism, the only organised political force in Argentina, could stage a real comeback in the wake of any outcome which cannot be convincingly presented to a now fully aroused people as meeting their demands for full sovereignty over the "stolen" islands.

West German protests grow at BBC film on Argentina's nuclear plans

BY JONATHAN CARR IN BONN

A STORM of protest has blown up in West Germany over a BBC film claiming that Argentina could shortly produce atomic bombs, thanks to help from old Nazis and a "secret agreement" with West Germany.

West Germany and Argentina have an agreement on scientific and technical co-operation dating from November 1969, and the Germans are heavily involved in the building up of Argentina's nuclear power station capacity.

Despite a swift denial by the Bonn Government of the allegations made in the film, critical reaction to the BBC claims has been steadily gaining strength, and is tending to overtake the generally understanding view taken by the Press so far towards Britain's position in the dispute over the Falkland Islands.

Last night the second television channel was rearranging its programmes to carry a special hour-long report on the BBC film, which was shown in Britain on April 19. Among those taking part were senior Government officials, the head of the German Foreign Policy Association and Herr Franz Josef Strauss, Minister for Atomic Affairs in the 1950s.

At the same time, the respected "Frankfurter Allgemeine Zeitung" newspaper yesterday published an interview with a senior official of Kraftwerk Union (KWU), the major German power station building concern, rejecting the BBC claims.

The liberal weekly "Die Zeit" carries a special section devoted solely to the BBC film and to the history of German-South American nuclear co-operation: while the weekly "Der Spiegel" has a long article on the film, describing it as "rubbish."

The attention being paid to the film partly reflects Germany's special sensitivity, for historical reasons, to suggestions that it is trying to boost the nuclear weapons potential of other countries.

But it is also often felt here that the BBC, although not a government-controlled concern, has a special authority as a "voice of Britain." BBC reports thus tend to be treated with particular seriousness.

According to the Bonn Government, West Germany has not delivered materials or technology to Argentina suitable for making nuclear bombs and there is no "secret agreement" to do so.

Bonn stresses that deliveries abroad of nuclear materials are not only subject to West Germany's own export control laws, but to notification with the International Atomic Energy Agency (IAEA).

While Argentina, unlike Bonn, has not signed the Nuclear Non-Proliferation Treaty, the Germans say that Buenos Aires "de facto" has accepted IAEA controls. They do not believe that materials suitable for making weapons have escaped this net.

David Fishlock writes: Senior British officials say the West German Government has been responsible and consistent in its policy on proliferation of nuclear weapons in recent deals with Argentina.

In negotiations over Atucha 2, the latest reactor order placed by Argentina, the West Germans are said to have demanded and got a bilateral safeguards treaty between the two nations which is tougher, in terms than those set by the London Suppliers Group in 1977, of which West Germany was a member.

WORLD TRADE NEWS

Tax refunds planned to encourage Swedish shipowners

BY WILLIAM DULLFORCE, NORDIC EDITOR, IN STOCKHOLM

EDISH SHIPOWNERS can in tax refunds of Skr 250m m) next year under a liamentary bill submitted erday by the Transport istry.

he Government's intention o cut the costs of operating is under the Swedish flag to halt the decline in the dish merchant marine.

he tax refund scheme would for five years. In the first r companies could claim k 75 per cent of the taxes y collect from their crews.

hips which are considered be important for national urity could claim a 100 per t refund while passenger sels and ferries would obtain y 50 per cent. The percenes will be reduced gradually r the five years.

hipowners operating at fit would be able to claim refund only if they guaran- l to use it for investments in y ships.

he Transport Ministry hopes tax relief will induce the ners and sailors' unions to otiate agreements which ld further cut manning ts on Swedish ships. They estimated to be the highest the world.

The Seamen's Union was extremely critical in its first reaction to the bill. The Shipowners' Association saw it as a step in the right direction, but an inadequate one.

The Swedish merchant fleet declined from 613 vessels totalling 7.7m gross tons in 1976 to 484 ships of 3.6m gross tons last year. Over the same period the number employed in shipping dropped from 23,000 to 14,000.

Several Swedish companies have taken to operating but not owning ships in order to avoid the crippling costs incurred under the Swedish flag.

Last year, the merchant fleet generated a net income of SKr 3.6bn, an important contribution to Sweden's current account balance which showed a deficit of SKr 15.7bn.

● *Efforts to combat the growing* anarchy in Australian ports will be launched in Sydney today when the federal and state governments meet unions and shipowners, *Michael Thompson-Noel writes from Sydney.* Shipping movements in Australia were virtually at a standstill yesterday because of stoppages by tug crews, and layoffs by employers.

Japanese Eximbank financing at record

TOKYO—The Export-Import Bank of Japan announced yesterday it made financing commitments totalling a record Yen 1.620 trillion (million million), approximately £3.7bn), in fiscal 1981, ended March 31, up 75 per cent from the previous year.

The sharp rise reflected increases in the Eximbank's export suppliers' credits and direct foreign loans, notably for plant exports.

In addition, the banking agency boosted import credits and overseas investment credits for large-scale developments projects, particularly those related to liquefied natural gas (LNG), *oil and aluminium smelting.*

The Eximbank entered into 326 export suppliers' credits in fiscal 1981 totalling Y677bn up 63 per cent from the previous year.

Suppliers' credits for plant exports rose by 57 per cent to 242 commitments totalling Y529.5bn. Major credit commitments were made for steel-making facilities in Brazil and China and copper-smelting facilities in the Philippines.

Ship export credits came to 84 commitments totalling Y147.5bn, up by 85 per cent.

UK industrial exports to EEC curbed, figures show

BY PAUL CHEESERIGHT, WORLD TRADE EDITOR

THE RISING trend of British industrial exports to the EEC apears to have been checked, according to an analysis of the latest trading figures, worked out on a volume basis, by Freight Information Services.

Over the three years 1979-81, the EEC share of Britain's total machinery exports fell from 33 to 29 per cent. Over the same period, the comparable figures for road vehicles are 45 to 39 per cent, and for beverages 27 to 26 per cent.

Although the percentages of the UK's manufactured materials exports going to the EEC rose from 38 to 41 from 1979 to 1980, it slipped back to 40 per cent last year.

The slipping EEC share has taken place against the background of a more general decline in the volume of exports in these selected buy key sectors, which account for over three-quarters of all British exports.

Indeed, the striking feature of the figures is that the only area where there have been increases in export volume throughout the list is in the Middle East *and North Africa.*

This reflects the continuing high level of capital investment throughout the area, although this might begin to fall off in the face of the glut on the world *oil markets.*

But the figures cannot be taken as conclusive. The civil servants' strike last year and the absence of accurate statistics for six months meant that Freight Information Services had to embark on a complicated series of calculations based on trade trends modified by seasonal variations to reach an estimate for 1981 volumes.

However, the use of volume statistics for the key sectors tends to emphasise that although the general performance of industrial exporters held up well last year, the role of petroleum and invisibles exports has risen to paramount importance in the current account surplus.

This surplus has been estimated at a record £8bn for 1981, although it is thought unlikely that such exceptional figures are likely to be repeated this year.

The Freight Information Services figures bear out the general impression that British exports, despite the increases in productivity over the last year, have continued to suffer from the sharp loss of competitiveness which occurred in 1979-1980.

At the same time the recession and the more stringent monetary and fiscal policies adopted through the industrialised world help to account for both the check in the rise of exports to the EEC and the generally sluggish performance in the rest of Western Europe and North America.

That the overall volumes have remained as high as they have reflects the diversity of the British export markets. Indeed, it was noticeable that during his last weeks as Trade Secretary, Mr John Biffen, had begun to argue the case for the maintenance of this diversity, in contrast to the Government's more usual stand of stressing the importance of the EEC market.

It was precisely this diversity, he argued, that allowed exports to maintain a high level in the face of the recession in the industrialised countries. Indeed, he went further to urge an increase in overseas investment at a time when the flow of revenue from North Sea oil is strong.

Nevertheless, the shrinkage in the volume of exports to Europe must be a disappointment to the Government which, in its reorganisation of the Department of Trade support services for exporters set up in 1980 an Exports to Europe branch to encourage companies to think of the EEC as the home market.

It seems likely that the trends shown up in the Freight Information Services statistics will show scant change this year.

The British Overseas Trade Board has noted that the loss of competitiveness in 1979 and 1980 will continue to affect performance. Although it expects world trade in manufactures, weighted by UK market share, to grow 4-5 per cent this year, it forecasts a rise in the volume of British goods and services of 2.5 per cent.

KEY EXPORTS AND MARKETS

	TOTAL TRADE (m. tonnes)	PERCENTAGE SHARE OF SELECTED MARKETS EEC	Rest of W. Europe	Middle East, N. Africa	N. America
Machinery					
1979	2.437	33	12	15	13
1980	2.523	31	12	15	11
1981*	2.327	29	11	19	12
Road Vehicles					
1979	1.509	45	14	7	8
1980	1.359	43	14	9	7
1981*	1.211	39	14	14	7
Chemicals					
1979	7.117	55	13	5	5
1980	6.877	53	14	6	5
1981	7.090	55	14	6	4
Manufactured Materials					
1979	10.467	36	11	8.7	16
1980	8.261	41	12	8.8	9
1981*	8.515	40	11	9.2	11
Beverages					
1979	.377	27	8	6	31
1980	.709	27	8	5	30
1981*	.696	26	7	7	32

* Estimate

Source: Freight Information Services

Fresh bid for smelter in Philippines

By Emilia Tagaza in Manila

EYNOLDS International of he U.S. has submitted a esh bid to build the hilippines' first aluminum melter, scaling down its riginal proposal for a $450m 250m) plant which was iven a go-ahead in 1980.

Reynolds' new proposal is construct a $150m smelter ith an annual capacity of 5,000 tonnes of different luminum products. The riginal $450m plant was esigned to produce 140,000 onnes annually.

An aluminum smelter is ne of the Philippines' 11 major industrial projects esigned by the government o shift the country's industrial base.

Implementation of Reynolds' first project was stalled because of disagreements with the state-run National Power Corporation (NPC) on power rates. Being an energy-intensive plant, Reynolds egotiated for a rate which is ower than NPC's prevailing rice.

When the project was suspended early last year Billiton nternational Metals of the oyal Dutch/Shell group and lusuisse of Switzerland submitted their proposals for a 50m smelter.

While the Ministry of ndustry is evaluating eynolds' plans, it said that it also looking seriously at an ffer from Mitsubishi Light etals of Japan.

Ministry officials say that e Japanese company has ffered to sell a slightly used luminum smelter with an nual capacity of about 40,000 tonnes.

Mr Roberto Ongpin, Trade nd Industry Minister, said hat Reynolds' offer is interesting because it features integrated operations. He said at smaller plant can produce ownstream products like luminum wire rods.

Thai Premier hopes for UK investment

By Colina MacDougall

Gen Prem Tinsulanonda, Prime Minister of Thailand, said in London yesterday he had high hopes that Britain would invest in technology for the development of Thailand's eastern seaboard.

British companies have already done a feasibility study for the project, where a gas separation plant, deepwater sea port and container port are planned.

Thailand's eastern seaboard is where natural gas, which came on stream last October, comes ashore.

The development plan for the area includes exploitation of Thailand's oil.

Gen Prem is leading a 50-strong delegation of economic ministers, businessmen and bankers. While no contracts are expected to result from the trip some progress has been made on the proposed £365m extension by Davy McKee and two French concerns of the oil refinery at Sri Racha, south-east of Bangkok.

At a meeting between Gen Chatichai Choonhaven, Thailand's Industry Minister, and Mr Peter Rees, British Minister for Trade, export credits for the deal made some progress, though the British are not yet happy about Thai Government guarantees.

Baghdad metro date decided

By Our World Trade Staff

CONSTRUCTION of the Baghdad metro system, which is expected to cost more than £3bn, will start in August next year, slightly later than was first envisaged.

The basic design of the transport system, which is expected to carry 1m passengers a day over a network of 32 km, is being undertaken by the British Metro Consultants Group, a consortium of ten companies.

But detailed design contracts have not yet been awarded. The Baghdad Rapid Transport Authority has advertised, however, for both consultants, electrical and mechanical contractors to pre-qualify for such contracts and for the manufacture and supply of plant.

The basic design, of British Metro Consultants has been accepted by the Iraqi authorities.

British Metro Consultants, which have a contract lasting until 1989, is made up of W. S. Atkins, Design Research Unit: Freeman Fox: Sir William Halcrow, Halcrow Fox; Charles Haswell; Henderson Busby: Kennedy and Donkin: Merz and McLellan, and Rendel, Palmer and Tritton. London Transport International and Transmark, the BR unit, are associates.

Record Swiss tourist season

By John Wicks in Zurich

SHARP rise in the number f British and American urists has been largely esponsible for a record inter sports season in witzerland.

Some 35 per cent more isitors from the UK and 30 er cent more from the U.S. sed Swiss hotels in the ree months from December February, compared with rise of 2.5 per cent in the verall tourist volume.

The number of overnight ays in Swiss hotels reached peak of 7.69m despite an per cent drop in the number German tourists, due to the eaker D-mark rate.

India awarded £144m Iraq rail contract

BY K. K. SHARMA IN NEW DELHI

E INDIAN Railway Construction Company (Ircon) has en awarded a Rs 2.37bn 144m) contract by Iraq for ing a 150 km railway line. is is the first major contract n by the company, which has en set up mainly to undere work overseas.

The contract is considered nificant as Iraq turned down lian Railways for a similar al about four years ago, ing preference to a Brazilian mpany. It was then that the vernment decided to form on.

Ircon has already carried out ne work in Iran and now has tracts on hand worth more n Rs 3bn, according to Mr N. Kaul, its chairman. This expected to increase to Rs 4bn this year.

In a separate development, India and Vietnam have set up a joint commission to identify projects in Vietnam in which the Indian Government can assist. These are expected to include developing the railway system and improving the working of textile mills and agricultural methods.

The decision to set up the commission was taken at talks between Mr Nguyen Co Thach, the visiting Vietnam Foreign Minister, and Mr P. V. Narasimha Rao, India's External Affairs Minister.

India already helps Vietnam in various development projects in addition to providing food aid and export credits of Rs 100m annually.

UK NEWS

£6m venture to back new technology launched

By David Fishlock, Science Editor

A SOURCE of finance, called Cogent, to assist the transfer of new technology into the market has been announced in the City.

Cogent, described as a financial catalyst for the final stages of project development, is backed by two major investment houses, Commercial Union Assurance and the Legal & General group.

They have pledged £6m to a joint venture backing the development projects of AICRO, the Association of Independent Contract Research Organisation.

Mr Tony Gray, chief executive of Cogent, said it was not a venture-capital company but one that managed development contracts. It was not seeking ideas but would draw from a portfolio of projects already brought to pilot-plant stage by AICRO members.

The nine member-laboratories of AICRO, with a staff of 4,000 researching a broad spectrum of industrial science, earned about £70m last year.

Cogent will have a small, specialist management team using the resources of its two financial backers and AICRO members.

It would identify host companies, willing to commit themselves to exploiting the project once the final stages of development had been demonstrated successfully. Such host companies would probably be UK-based.

Sony to go into TV rental market

By Guy de Jonquieres

SONY of Japan is to challenge companies like Philips, Thorn EMI and Rediffusion in the £1bn-a-year British market for rented televisions and video tape recorders.

Sony Rental will supply and maintain equipment to be marketed by its nationwide independent dealers network. A £1m advertising campaign begins next month.

Few Sony sets are rented at present, and less than one-third of its dealers offer rental facilities. The company is aiming at a 50-50 split between rental and sales.

Sony Rental will offer dealers a fixed commission for each rental contract they conclude and will take responsibility for delivery, installation and customer service. Sony makes colour television sets in South Wales and imports video recorders from Japan.

Merger vote

THE Association of Certified Accountants has voted in favour of supporting — in principle — a merger with the Institute of Cost and Management Accountants (ICMA). The results, announced yesterday and based on a 16 per cent poll, were 56 per cent in favour, 40 per cent against and 4 per cent abstaining.

Mr Ronald Spencer, the retiring president of the association's council, said stock would be taken of the vote, though it fell short of the two thirds majority normally required. The council would await the result of a similar poll to be announced by the ICMA today.

Prisons' 'in crisis'

AN OVERALL drop in the prison population last year brought the service back from the brink of imminent catastrophe but left it in a state of chronic crisis, Mr Dennis Trevelyan the head of the Prisons Service, said yesterday. He said 1980's overcrowded conditions had not improved in 1981: "In some establishments at pare shr eta establishments and particularly when the population rose to its peak of 45,000, they worsened."

Rolls-Royce loss

ROLLS-ROYCE, the state-owned aero-engine maker made a £22m pre-tax loss in 1980 and not a profit as printed in yesterday's paper.

Britain's oil 'good for 50 years'

BY RAY DAFTER, ENERGY EDITOR

OIL RESERVES in the North Sea and other offshore areas are sufficient to meet the current rate of UK oil demand for well over 50 years, according to a new Government report.

The Energy Department estimates that the UK continental shelf could still contain as much as 4bn tonnes. With last year's demand for oil products, including refinery fuel, running at 71.6m tonnes per annum, the remaining potential reserves are sufficient to meet needs to beyond the year 2037.

But the department warns that there are considerable geological uncertainties relating to the amount of oil which has still to be discovered. It was possible that total reserves may amount to only 2.1bn tonnes. At last year's level of production (89.4m tonnes) these reserves would be depleted within about 23 years.

The report — the so-called Brown Book—says that proven and probable reserves in existing discoveries amount to 1.6bn tonnes. Recent exploration in the more speculative areas, like the South-Western Approaches, had been largely disappointing.

However, there had been a number of encouraging drilling ventures on the continental shelf last year.

A total of 73 exploration and appraisal wells were drilled in 1981 compared to 54 in 1980. The level of exploration was the highest since 1977 and resulted in 12 discoveries: the biggest number since 1976.

Total revenue from the sale of oil amounted to £12.3bn last year compared to £8.9bn in 1980. Gas revenues totalled £800m. Taxation from oil and gas activities amounted to £3.9bn in 1980/81 and about £6.4bn in the financial year 1981/82.

The report says that total remaining recoverable reserves of natural gas on the UK continental shelf could be as much as 1.8 trillion (million, million) cubic metres. At the 1981 rate of production — 37.4 cubic metres — these reserves would last for about 48 years.

Total capital investment in oil and gas production last year was £2.9bn, about one-fifth of total UK industrial investment. So far £26bn has been spent on exploiting North Sea oil and gas reserves.

The total value of orders for goods and services placed by offshore operators last year was a record £2.9bn. British companies secured contracts worth £1.9bn — or 67 per cent of the total.

But the offshore supplies industry is worried that a hiatus in oil platform building contracts in the past two years could lead to a general fall in orders and substantial redundancies.

A North Sea report published today by stockbrokers Wood, Mackenzie says that a "reasonable" number of platforms should be ordered during the next few years. But most of them would be small compared to most North Sea structures.

The brokers see the possibility of 10 platforms being ordered this year: one for Total's North Alwyn oil and gas fields: one for British National Oil Corporation's Beatrice field; five for British Gas Corporation's Morecambe field; and three for the Gas Corporation's Rough field.

In addition seven platforms could be ordered next year: one for Shell's South-East Indefatigable gas field: two for Amoco's East Leman gas field; one for Shell's Leman "F" gas field; and three more for the Morecambe field.

The brokers warn that development programmes would be influenced by oil and gas prices, taxation policies and—in some cases—plans for gas transportation systems.

Development of the Oil and Gas Resources of the UK, 1982; SO; £5.50.

Consortium finds more oil in Hampshire

BY OUR ENERGY EDITOR

A GROUP of onshore oil companies have struck more oil in the Humbly Grove Field in Hampshire.

Carless, Capel and Leonard —the consortium's operator— said yesterday that a second well drilled in the promising field had tested oil at a rate of 750 barrels a day (b/d). In addition to the high grade oil, with a specific gravity of 38 degrees API (American Petroleum Institute), natural gas was also found.

A gas flow rate of 3.28m cu ft a day had been tested in one section of the reservoir rock and a flow of 2m cu ft a day emerged from a deeper formation.

The well was drilled about half a mile north west of the discovery well which is currently yielding oil at the rate of 100-120 (b/d). Carless said that appraisal of thereservoir would continue with a new well drilled about one mile east of the original discovery.

Interests in the Humbly Grove licence are: Carless, Cambrian Exploration, Candel Petroleum, Hason Oil UK Onshore, Marinex Petroleum, and St Joe Petroleum.

The companies have received Hampshire Council approval to drill three appraisal wells.

● TOTAL ENERGY consumption in the UK during the December-February quarter rose by 1.2 per cent compared with the corresponding three months a year earlier, according to Government figures published yesterday.

Demand, measured on a primary fuel input basis, amounted to the equivalent of 95.2m tonnes of coal. The demand for natural gas — up 7.9 per cent — accounted for all of the increase in energy use. The consumption of all other fuels continued to fall, coal by 0.7 per cent and oil products by 0.8 per cent.

When the demand was recalculated to consider weather variations, the underlying trend in overall energy demand was still seen to be falling. On an adjusted basis demand in the particularly cold December-February quarter was 3.5 per cent below the corresponding level of the previous year. Oil consumption was 5.4 per cent lower while coal demand was down 4.7 per cent.

The Government's Energy Trends publication shows that oil production, mainly from the North Sea, rose to 23.1m tonnes in the December-February period, 7.3 per cent more than in the corresponding quarter a year earlier. In contrast refinery output, at 18m tonnes, fell by 8.4 per cent reflecting depressed demand for oil products.

Light steels go on trial in motor industry

BY ROBIN REEVES, WELSH CORRESPONDENT

RESEARCH at the British Steel Corporation to develop lightweight high-strength steels for the European motor industry is moving from the experimental to the application stage.

Motor manufacturers are receiving trial quantities of high-strength steels of varying specification, developed by BSC's Welsh laboratory at Port Talbot.

They include tail sections for Ford Transit vans and door panels 18 per cent lighter than traditional steel panels, which retain the same strength, resistance to denting, and welding properties.

BSC is confident that its researches on high-strength steels in the past four years have established the basis for a further leap forward in European motor vehicle performance, particularly fuel economy.

U.S. and Japanese motor manufacturers are already more advanced in utilising high-strength steels, encouraged in particular by U.S. legislation against "gas-guzzlers."

The heavier a vehicle, the more petrol it consumes. U.S. motor-manufacturers have tried cutting the weight of their vehicles by using thinner steels and lighter materials such as aluminium and plastic.

Steelmakers have an obvious stake in ensuring that the motor industry uses as much steel as possible.

BSC's Welsh laboratory has made a comprehensive investigation into ways of producing strip steels with enhanced strength-weight ratio, so that they can be rolled more thinly yet remain competitively-priced and retain ductility and "formability," the capability to be moulded by normal pressing techniques into difficult shapes.

Chipboard factory to reopen

By Mark Meredith, Scottish Correspondent

A CHIPBOARD factory at Irvine in western Scotland, which closed last October because the market was oversupplied, is to be reopened by its new owners.

Caberboard of Cowie near Sterling—a subsidiary of the West German Bisonwerke company—yesterday announced it has purchased the assets of Scotboard and hoped to resume operation in the autumn.

Imports account for an estimated 70 per cent of the market, and British producers have complained about this.

About 2m cu metres of chipboard was used in 1979 in the UK. In 1981 incomplete figures point to a consumption of 1.76m cu metres, according to industry officials.

Mr Alastair Harper, the financial director of Caberboard, says his company is looking forward to an improvement in the market.

Caberboard plans to instal a single production line at Irvine, removing two former production lines. It will make one high quality chipboard—or particleboard as it is known in the industry—for furniture.

The plant will initially employ 60 people

Barclays predict decline in interest rates soon

BY MAX WILKINSON, ECONOMICS CORRESPONDENT

UK INTEREST rates should resume a downward trend soon unless the financial markets suffer a major disruption from the Falkland Islands crisis, Barclays Bank says in its latest *financial survey*.

The bank believes that UK rates are likely to fall as part *of a worldwide trend resulting* mainly from the reduction of the inflation rate in the U.S.

It says the current high global rates may be traced to the high U.S. rates which result from imbalance between fiscal and monetary policies and the resulting prospect of high budget deficit.

Barclay ssuggests one reason for the high interest rates is that central banks—particularly in the U.S.—have been prepared to tolerate increased volatility because of their concern for monetary control. As a result, lenders have required a higher risk premium to be incorporated into long-term rates.

However, it says that perhaps the most "common-sensical observation" is that monetary authorities have had to drive up short-term rates in their attempts to control the money supply.

NatWest plan for retired

BY OUR BANKING CORRESPONDENT

NATIONAL WESTMINSTER BANK has launched a monthly income account to meet needs of retired people. It is the first in a series of new products which the bank is introducing under *the label of its Saver* Service.

The bank believes the new *services will strengthen* its role as a big savings bank in its fight with the building societies.

Significantly, the new account will be handled by a central unit in Birmingham which processes the bank's growing house-mortgage business.

Interest on the new account of 12 per cent, initially, will be paid *monthly to a* current account, supplementing the customer's monthly cash flow.

Interest is paid without deduction of tax and is variable, though the intention is that it *will exceed the rate on a con*ventional seven-day deposit account, at present 10½ per cent.

A minimum of £2,000 and a month's notice of withdrawal are required.

Business optimism up in NW

By Nick Garnett, Northern Correspondent

BUSINESS CONFIDENCE has increased in parts of the North West, according to a survey by the Manchester Chamber of Commerce and Industry.

The number of companies believing that turnover and profitability will improve in the next 12 months is the highest for the past year, says the survey of 83 companies covering a wide range of manufacturing. Even so, they represent less than half the companies in the survey.

Companies in industries that have been suffering structural decline, such as textiles and construction, say they see no signs of any early recovery. They believe recovery rests with newer, more *resilient industries*.

Home orders and home and export deliveries rose in the first three months of this year for 38 per cent of the companies — a higher figure *than throughout last year*.

A third of the companies in the survey say export orders are better than three months ago, but the improvement is smaller than at any time since March last year.

Councillors in Camden 'not illegally generous'

By Raymond Hughes, Law Courts Correspondent

THE RULING Labour group on the London Borough of Camden Council has defeated a claim that it was "illegally generous" with ratepayers' money when it negotiated a local settlement of the nationwide "dirty jobs" strike in 1979.

Two judges in the High Court yesterday dismissed an application by Mr Ian Pickwell, the Metropolitan District Auditor, for an order that 31 past or present members of the Labour group *should personally pay* back the £950,000 he alleged had been overpaid to end the strike by *the council's manual workers*.

Lord Justice Ormrod and Mr Justice Forbes refused to rule that the councillors had acted unreasonably in negotiating a local settlement on terms higher than those subsequently agreed nationally.

Lord Justice Ormrod said that it was not for the court to say whether Camden had made a bad bargain for its ratepayers. That, he said, would be a matter for the voters at the next election.

Mr Justice Forbes said that the strike had hit Camden harder than many other London boroughs. *The council had been* faced with a position where its vital services had been so disrupted that real hardship had been caused to the elderly and the handicapped as well as commercial ratepayers.

"The whole administrative machine of the borough was in imminent danger of having to close down," the judge said.

There was no evidence that the councillors had colluded with the strikers or been swayed by "philanthropic enthusiasm," the two judges agreed.

But they also agreed that the District Auditor—the ratepayers' watchdog—was not to be criticised for bringing the matter to court.

The District Auditor had argued that the Camden settlement had been up to 44 per cent higher for some grades of workers than the national settlement of the dispute.

His mathematical approach had been disputed by the council and, said Mr Justice Forbes, the divergence of opinion on such an important matter must cast doubt on whether it could be said that no reasonable local authority could possibly have acted as Camden had.

The judge quoted extensively from evidence by Camden's Controller of Personnel Services about the effect of the strike on *the borough*, and *about the fact* that the council had been faced with a challenge from its *employees who had been* "determined and ideologically committed."

The evidence showed, said the judge, that nearly all other London boroughs had been in a much more favourable position than Camden.

The Labour group's decision had not been taken freely and voluntarily and without pressure, the judge concluded.

Apart from the effect of the strike upon its services, it had believed, not unreasonably, that *the national negotiations* were not being pursued as effectively or speedily as was required.

The fact that Camden had, in its circumstances, agreed to a settlement which might, in other circumstances, have been regarded as excessive did not mean that the councillors had acted unreasonably or had ignored the ratepayers' interests, he said.

A decision taken in an emergency must not be scrutinised as closely as one not taken under such pressure, he commented.

Great publicity—much of it *hostile—had been attracted by* the Camden decision. The District Auditor had clearly thought that Camden had given in too easily, and without a fight, to the strikers' demands.

But there was nothing to suggest any collusion or collaboration between councillors and strikers, said Mr Justice Forbes.

Fair Trading chief urges monopolies probe into LEB

BY DAVID CHURCHILL, CONSUMER AFFAIRS CORRESPONDENT

THE RETAIL activities of the London Electricity Board are to be referred to the Monopolies and Mergers Commission to determine whether or not the Board is operating its High Street showrooms *against* the public interest.

Mr Gordon Borrie, Director-General of Fair Trading, announced the move yesterday, after a 10-month inquiry into the trading practices of the LEB—the largest of the area electricity boards.

The OFT found that the London Electricity Board was consistently running its retail showrooms at a loss and thus failed to reflect its true costs of operation in selling electrical appliances. The Board was able to run at a loss because they were subsidised by revenue from the sale of electricity the OFT concluded.

Independent retailers of electrical appliances had complained to the OFT that the LEB's policy gave it an unfair advantage.

The inquiry found the LEB had only about 7 per cent of the market for electrical appliances in its area—worth about £250m. However, the board had the biggest market share of cooking and heating appliances.

The LEB's prices were *broadly similar to those of its* competitors, but its prices were significantly below competitors *in a four-month period last year.*

The OFT said a significant price increase would have been *required in this period to* eliminate the losses expected in 1981/82. Such an increase would have cut the board's market share and sales revenue.

The LEB has made a loss from its retailing activities for the past five years. The loss increased from £1.3m in 1976/77 to £5.5m in 1980/81. The OFT said that "in directing and managing its business in such a way as to give rise to losses and in failing over a long period to take effective remedial action to eliminate those losses, the board is pursuing a 'course of conduct' within the terms of the Act."

The OFT noted that the Government's cash limits were the only financial constraint on the LEB's retailing activities. The limits applied to the whole electricity supply operation and not just retailing.

The LEB said the OFT had failed to take into account the non-retail activities of its showrooms. These included services such as accounting, cash collection, and public inquiry points for all aspects of electricity supply. The LEB believed that "every aspect of shop operations should be efficiently run and accountable." It accepted that the losses on appliance sales had to be eliminated and the board had already taken steps to achieve this.

● *"London Electricity Board": a report by the director general of fair trading, Field House, Breams Buildings, London, EC4. Free.*

Half of school-leavers join youth jobs scheme

BY ALAN PIKE, INDUSTRIAL CORRESPONDENT

ONE in two of last year's school-leavers started working life on the Youth Opportunities Programme and this year's proportion is likely to be still higher.

Intake on the programme last year was a record 553,000 people. This year it is expected that 630,000 teenagers will enter the programme, which is due to be replaced in September, 1983, by thenew year-long Youth Training Scheme.

Mr Roger Dawe, the Manpower Services Commission's director of special programmes, said yesterday that the fourth full year of the programme had seen an increase of more than 50 per cent over the previous year and well over three times as many entrants as in 1978-79, the first full year of the programme.

"The Youth Opportunities Programme has still 17 months to run before the new training scheme is introduced in September, 1983. I has still a crucial part to play in helping this year's unemployed school leavers. It will not fade away: it will be developed and improved as a bridge towards the new scheme," he said.

The new scheme—apart from lasting a year compared to the programme's six-month maximum—will offer young people organised training and further education as well as work experience, which is the basis of most programme schemes.

Mr Peter Morrison, the Employment Minister who has special responsibility for training issues, told a Confederation of British Industry conference in Harrogate yesterday that he hoped 100,000 of the new-style Youth Training Scheme places would be available by September—a year ahead of the formal launching. The provision of many more high-quality training places was crucial in the transition from the Youth Opportunities Programme.

Mr Morrison said: "Proper training for young entrants to the labour market must be a priority. Training must become an everyday part of the employment of young people."

Company liquidations up

BY DUNCAN CAMPBELL-SMITH

COMPANY liquidations have shown "an appreciable rise" in *the first three months of the* year, says the Department of Trade in the latest issue of its weekly official publication, British Business.

The total of 3,076 liquidations is the highest for any quarter on record. There were 2,350 in *the last quarter* and 2,612 in the first quarter of 1981. The seasonally-adjusted figures show similar increases.

Last summer's civil servants' strike continues even now to *obstruct any clear view of the* underlying trends in national insolvency statistics, says the department.

One notable feature of the figures is that creditors' voluntary liquidations comprise over 70 per cent of the *total*. Companies in receivership are not included in the statistics and compulsory liquidations make up the balance.

Compulsory liquidation figures are the more likely to have been affected by the strike and could have the effect of a further near-term increase in the aggregate figures as the strike's complications are finally resolved.

Bankruptcy figures, which relate to insolvent individuals and partnerships, show some improvement. Unadjusted figures were 1,392 for the first quarter, almost the same as the previous three months and not much above the 1,371 for the first quarter of 1981.

On a seasonally adjusted basis, bankruptcies actually fell *from 1,352 in the last quarter of* 1981 to 1,270 in the first quarter of this year. The department describes this fall as "the first of significance since the steep upward trend started in early 1980."

Non-domestic rates place a 'burden' on business

BY ROBIN PAULEY

NON-DOMESTIC rates are a highly damaging burden on *business* and employment because they are levied as a lump sum which has to be paid irrespective of the financial position of the company, says the London Chamber of Commerce *and Industry* in a report published today.

The chamber attacks reports *published* last year by the Greater London Council and the Association of Metropolitan Authorities which, it says, purported to show rates as an insignificant cost.

It was irrelevant to make comparisons with other industrial costs such as energy or post or telephone increases which allowed a company a choice of economising and stabilising its debt or at least limiting the extent of its growth.

No such choice existed in the case of rates—unless a company *resorted* to drastic action such as leasing out or demolishing surplus accommodation or moving to other premises, the ppaer adds.

Payment by instalments, where allowed, was a help—but had nothing to do with ability *to pay. Although* it was true that non-domestic rates were allowable against Corporation *Tax, this did not help if there* were no profits because on tax was then paid.

Rate bills were higher in London than anywhere else in the country, and excessive increases would force some companies to make the choice between moving elsewhere or closing down.

A survey of 505 companies by the chamber showed that 38 per cent had reduced staff numbers because of rate increases, and 45 per cent of those in inner London said they would do so over the next two years if rates increased by 25 per cent. A further 16 per cent said they had decided to close down or run down their London businesses.

Row breaks over education funding plan

BY ROBIN PAULEY

A ROW has broken out between the Environment and Education Departments over whether the Government should take over responsibility for funding the lion's share of education—enabining rate bills to be cut by at least 25 per cent.

The Department of Education and Science *says this should* happen through the introduction of a new and separate educa*tion grant which it would con*trol, and argues the case persuasively in a confidential *report for the Cabinet*.

Mr Michael Heseltine, Environment Secretary, is undecided but his senior officials are aghast. They argue that a separate grant for education undermines the concept of funding local government through the block grant system, which has just been introduced and was only achieved after much work and controversy in and out of Parliament. Also they think the Education Department plan will increase total local government spending and lead all other departments —such as housing, social services—to demand separate grants.

The Treasury is thought to be sympathetic to the Education Department's plan and officials in several departments feel the main Environment objection is from civil servants there simply trying to defend their empire. They do not want the Education Department to take control of the most important and expensive chunk of it.

The long and detailed Education Department's paper says the education service would have a "clear benefit," and the partnership between central and local government would be improved and not destroyed by a 75 per cent central grant.

The separate block grant would be supplemented with some limited specific grants and such a system "would acknowledge the national dimension of the education service, as the effective rate of grant for the police service does already."

A higher rates of grant would assist in moving closer to the educational objectives:

● To encourage a more even pattern of educational expenditure, relative to need, across the country;

● To encourage local education authorities to have regard to the *Government's priorities* in the education service;

● To enable the Secretary of State to promote innovation and developments in specific areas of national importance;

● To reflect more clearly the partnership between central and local government, embodied in the 1944 Education Act.

Removing education from the current block grant system of cash allocation to local councils and replacing it by a separate grant would still require a grant related assessment (GRE) for each authority.

The grant total would be cash-limited as a fixed proportion of the Government's plans for local education authorities' total expenditure on education.

The mechanism for reducing grant to "overspending" councils should be retained and would be sharpened to "put greater pressure towards convergence of levels of expenditure around GRE than the block grant presently *does*."

The changes will be controversial, particularly among county councils which will argue that their entire *raison d'etre* is being transferred to central government. But the paper argues forcibly that the arrangements would not affect the division of responsibility between councils and the Government; nor would the distribution of local authority functions be altered.

"Equally, the practicability of reallocating the functions of the GLC and the metropolitan councils, which is currently the subject of a separate study, would not be affected," the paper says.

The education grant would provide only an indirect means of encouraging initiatives in areas of national priority. For direct encouragement, limited powers topay grant for specific purposes would be needed.

Some councils have met education cuts by reducing provision of school textbooks or teaching physics and chemistry with little or no decent equipment — while maintaining staff levels without question.

The Government has virtually accepted that there is no suitable singe alternative to rates other than a local income tax, which cannot be introduced for some years. A sales tax has been ruled out; an Environment Department paper on poll tax, prepared for a meeting of the Environment Select Committee next week, is remarkably thin and indicates that more statistical work needs to be done on this option. But it is an increasingly unlikely runner.

The Government feels it cannot go empty handed on rates yet again to the Tory Party conference in the autumn. A White Paper on updating rates and reducing them substantially by altering the funding of education is seen as a good solution.

A 75 per cent education grant would cut average rate bills by an average of 25 per cent — although it would not reduce the overall level of taxation and could well increase it marginally.

Booklet urges company rates based on profit

By James McDonald

A LOCAL corporation tax based on a company's turnover or profit is one of a number of changes in the local government rates system proposed in a booklet published yesterday by Aims of Industry, the free enterprise pressure group.

This would be fairer to the business community which should also be enfranchised by allowing one vote per premises occupied, writes Mrs Patricia Kirwan, a former member of the Greater London Council.

Mrs Kirwan also proposes that every income tax payer should be coded for residence and local tax applied, "computer-transferred to the credit of the appropriate local authority."

She also suggests that the Inner London Education Authority should be composed of representatives of the borough councils or should be directly elected.

Londoners and the Rates, Patricia Kirwan, Aims of Industry, 40, Doughty Street, London, WC1, £1.30.

Speed-up in telecom equipment sales urged

BY GUY DE JONQUIERES

THE GOVERNMENT is pressing British Telecom and its main traditional suppliers to speed telecommunications liberalisation by allowing the early private sale of equipment that at present can only be rented from BT.

The move is intended to leapfrog the formal three-year programme for removing BT's monopoly on most types of equipment set in motion at the beginning of October.

Ministers are disappointed that, in spite of all the publicity which has surrounded the programme, almost no approved new apparatus has so far appeared on the free market through outlets other than BT. The Industry Department, which is administering the programme, is under increasing political pressure to achieve quick results.

Officially, full liberalisation must await the definition of new technical standards for equipment, due to be published in stages from July. But Ministers suggest that equipment already approved and supplied by BT should be released for private sale before the standards are ready.

The Government also wants to accelerate private sales to give British manufacturers an opportunity to establish themselves on the open market before allowing imports of competing equipment.

A particular effort is being made to speed private sales of telex terminals for attachment to the public telecommunications network. Under the original programme these were due to remain part of BT's monopoly until next October.

BT said yesterday that it was ready to consider advancing the date for private sales if its three telex suppliers agreed. These are ITT-Creed; Trend, part of the Phicom industrial holding group; and Transtel Communications, a subsidiary of Northern Engineering Industries.

Transtel has for some time been seeking the right to sell privately a sophisticated electronic telex machine which it supplies to BT. But it has complained that BT has been reluctant to give its agreement.

BT has placed sizeable orders with ITT-Creed and Trend for telex machines which it is renting nationwide but is supplying Transtel's terminals only in the City of London where about 140 have been installed. Transtel believes it could sell many more of its machines if it were able to supply them direct to customers.

ITT-Creed, which has received a £20m order from BT for its new "Cheetah" telex, says it would also favour an early move to private sales. Mr John Selby, managing director of Trend, said yesterday: "We will go along with whatever BT wants."

But throwing the market open to private suppliers immediately could provide unwelcome competition for BT. It only recently began to offer modern electronic telex machines as replacements for the stock of 120,000 ageing terminals in use in Britain.

The Government would like to see other BT-approved equipment—including perhaps some private branch exchanges—offered for private sale soon. But much will depend on whether the manufacturers are prepared to co-operate.

Earlier this year the Industry Department launched a plan to release for private sale a small number of telephones offered by BT as part of its "special range" of rented apparatus. But the plan foundered because the manufacturers have been unwilling to supply them to retail outlets competing with BT.

So far BT is the only organisation selling approved telephones direct to the public. It is setting up a chain of telephone shops and this week launched a mail-order campaign.

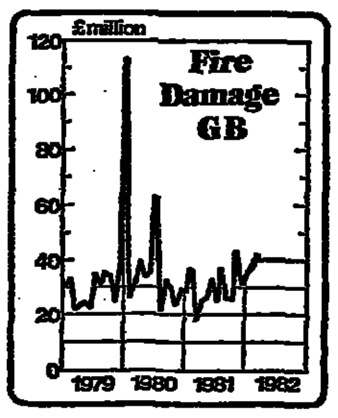
But approved telephones are soon expected to go on sale in competing retail outlets.

Fire damage costs rise by £4m

By Eric Short

TWO MAJOR fires, each causing damage in excess of £3m, boosted total fire damage costs in March to £41.5m. Costs were £4m higher than in February and more than double the costs for March last year.

Figures released yesterday by the British Insurance Associa-



tion show that fire damage costs have risen in four consecutive months and confirm that last year's drop in costs was only a temporary phenomenon.

Total costs in the first three months of this year are £113.5bm, more than one-third more than those for the first quarter of 1981.

However, the two major fires referred to were the only ones which exceeded £1m damage

A mystical measure of money supply

David Marsh looks at the monetary base and why it still puzzles Whitehall

A CASUAL eavesdropper in a City pub might believe the monetary base to be the paymaster's quarters on some windswept South Atlantic island.

But it is something much more erudite for a select group of economists and officials monitoring Britain's monetary policy. The monetary base is a mystical indicator which the Treasury and Bank of England seem to be controlling better than any other measure of the money supply.

The strange thing is that it all appears to have been done by accident.

The steady slowdown of the growth of the monetary base—cash in circulation plus the reserves of the banking system at the Bank of England—has been noted with approval by no less an authority than Professor Karl Brunner, the Swiss-American monetary expert much respected by Mrs Thatcher.

Professor Brunner has been urging the Government for more than a year to start controlling the base as the best means of bringing down inflation. He has informed Whitehall of his pleasure that the switch appears to have been made.

This has left the Treasury a little embarrassed. The Government has not in fact been trying to control the monetary base at all—thus underlining the complexities of managing Britain's will-o-the-wisp money supply.

Sir Geoffrey Howe has already brought confusion by announcing in the March Budget that, having failed to shackle sterling M3 in his first three years in office, he was broadening the range of aggregates the Government was trying to control.

Now even he is puzzled. The Chancellor has himself been seeking guidance recently on whether it is Government policy to supervise the monetary base as well.

The latest Bank of England figures show that the monetary base has risen by only 3 per cent over the latest 12 months.

One reason for the slowdown—at a time when sterling M3 is still growing (as it appears to do every year) by about 13 per cent a year—is because people are economising on cash balances.

Notes and coin in circulation, which make up about 90 per cent of the base, have hardly grown in the past year.

Even some money-watchers in London have been reading conclusions into the base affair.

Stockbrokers W. Greenwell, one of the City's best respected monetarist commentators, said after the Bank of England published its figures that the "on path" performance of the monetary base "is becoming too much of a coincidence for it to be unplanned."

The Bank of England, which only started to publish the base figures last year after prodding from 10, Downing Street, might have cause to be amused about Prof. Brunner's reaction. The professor castigated the Bank's "powerful and practically autonomous bureaucracy" last year for failing to see the light and changing to a monetary base target.

There is a theory in the City that the Bank may have masterminded the apparently good figures simply to divert Mrs Thatcher's attention from a less satisfactory monetary story—the continued runaway progress of bank lending.

Learn from air industry, nuclear conference told

BY DAVID FISHLOCK, SCIENCE EDITOR

THE NUCLEAR industry should learn from past lessons and mistakes of the aircraft industry, especially the economic advantages of standardisation and integration, Sir John Hill, chairman of British Nuclear Fuels, told the European Nuclear Society conference in Brussels yesterday.

The nuclear industry had paid "an enormous price" for trying to build nuclear plants with an industrial structure designed for the needs of 50 years earlier.

Sir John, who was made an honorary member of the society for his contribution to the development of nuclear power as a commercial source of energy, said the aircraft industry—which had preceded the nuclear industry by about 40 years—had been immensely successful technically.

Aircraft today were largely international, Sir John said. The 100-odd major airlines used similar though not identical mixes of about 10 aircraft types, having highly standardised requirements for fuel, components and ground equipment.

The aircraft themselves were made of sub-units built in many countries and by thousands of sub-contractors.

Advantages of standardisation and inter-changeability outweighed completely any marginal advantage of one aircraft design over another.

The way nuclear plants were built in 20 years' time "will probably include many of the characteristics of the way that large aircraft are built today."

Co-op launches campaign against milk imports

BY NICK GARNETT, NORTHERN CORRESPONDENT

THE Co-operative Union yesterday launched a national campaign among its customers and workforce as part of its attempt to prevent any significant import of milk into Britain.

The Co-op, which has been lobbying parliament to keep out imports, warned that parts of the country's milk distribution system would eventually be wrecked by cheap milk imports; and a considerable proportion of the 40,000 jobs involved in direct milk handling would be lost.

Mr Dick Bluer, the Co-operative Union's deputy general secretary, said imports would cause a fall in British milk consumption and would upset the economics of dairy farming.

Virtually no milk is imported into Britain because of the Government's health, hygiene and quality regulation. This position, however, has been challenged in the EEC and a judgment by the European Court is expected this year.

"If the European Court case were to decide against the UK government's view then it would appear to us that the only option is the total banning of foreign milk imports," Mr Bluer said.

The Co-op fears that cheap subsidised long-life milk from abroad sold in high street shops would undercut the cost of delivered milk to such an extent that there would be a severe contraction of the doorstep delivery system. And it claims that some sections of the community—such as invalids and the old—will find it harder to get milk.

The Co-op employs 10,000 milk delivery workers—a quarter of the national total—and 20,000 workers in a dairy related work. Its campaign is being supported by its three manual unions.

The union accepts that ultra heat treated milk would be cheaper because of imports, but questions whether it would remain so as it became subject to the pricing policy of individual shops. And it argues that the overall service to the consumer would deteriorate.

The campaign includes the issuing of nearly three million leaflets to Co-op customers together with petition forms protesting against unrestricted imports of foreign milk. The petition will be presented to Mr Peter Walker, the Agriculture Minister.

DPP to investigate Clore estate tax fraud claims

BY RAYMOND HUGHES, LAW COURTS CORRESPONDENT

THE Director of Public Prosecutions is to investigate suggestions of a possible criminal conspiracy to defraud the Inland Revenue of tax due on the estate of the late Sir Charles Clore.

The papers in the case reached the DPP yesterday from the Inland Revenue, following the strongly-worded recommendation of three Court of Appeal judges earlier this month that the DPP should be asked to investigate.

The investigation will centre on the removal from England to Jersey, shortly after Sir Charles's death in 1979, of the £20.5m proceeds from the sale of his largest English asset, the Guy's Estate in Herefordshire.

The judges said that there was a grave possibility that the object of getting the money to Jersey had been to evade tax.

The Revenue, which estimates that up to £39m tax could be due from Sir Charles's worldwide estate, thought to be worth about £40m, claims about £15m capital gains tax on the Guy's sale.

The proceeds were moved to Jersey at the instigation of Stype Investments (Jersey), which is owned by a Jersey concern set up by Sir Charles.

The appeal judges said the proceeds were part of Sir Charles's English assets and subject to English tax and that the Official Solicitor should take over the administration of the English estate from Sir Charles's executors. The Official Solicitor would be in a position to sue Stype for the money, the court said.

Faced with the ruling, and the prospect of a DPP probe, Stype decided that it was necessary for it to show its good faith by making money available to the Official Solicitor.

Because, for legal reasons, the company felt it could not transfer the Guy's proceeds back to England, it decided to provide the money out of its £28m assets in England, which are currently frozen by order of the court.

It went to the Royal Court in Jersey and obtained a modification of an injunction granted in January last year to Sir Charles's son, Mr Alan Clore, which stopped it moving Clore estate assets out of Jersey.

The modification permitted Stype to pay out of its own English assets an amount equal to the Guy's proceeds, plus interest—about £30m.

As Stype's Engish assets are largely unliquid they will probably be charged as security for a bank loan.

Because of opposition from Mr Alan Clore and charities due to benefit under Sir Charles's will, the Royal Court refused to give Stype's directors—the executors and the Jersey manager of Lloyds Bank Trust Company (Channel Islands)—an indemnity against being sued by the Clore estate in Jersey.

Metal package groups 'in danger'

BY MAURICE SAMUELSON

THE "BASIC FABRIC" of the British metal packaging industry is in danger of being destroyed by the recession, it was claimed this week.

The warning appears in the annual report of the Metal Packaging Manufacturers' Association representing more than 80 companies in Britain and Ireland with sales of nearly £1bn a year.

Mr John Boden, chairman, said that, despite becoming slimmer, "we are fast approaching that limit beyond which the basic fabric of our industry would be destroyed and future development and research capabilities hazarded."

The association's members include the large can makers, led by Metal Box and its U.S.-owned rivals, and suppliers of lids and other fitments.

Despite "isolated bright spots" and confidence about the industry's survival, Mr Boden found no grounds for optimism in the year ahead.

"We are bumping along the bottom of the recession," he said. "Only if the economy recovers shall we see consumer requirements rise accordingly."

STILL TIME FOR A PEACEFUL SETTLEMENT, SAYS FOOT

Callaghan leads back bench calls for unity

BY IVOR OWEN

IN A SPEECH which made clear impact on MPs of all parties Mr James Callaghan, the former Prime Minister, last night urged the Government to avoid committing British forces to a all-out assault to recapture the Falkland Islands while hope still remained that the latest U.S. proposals could provide a basis for a peaceful settlement.

A debate which had been expected to produce further evidence of a widening split between the parties over the Government's handling of the crisis began with a series of speeches from leading back benchers on both sides of the House urging the need to retain the maximum possible unity at Westminster.

Mr Callaghan hammered home this theme when he argued that the imposition of the air and sea blockade of the Falklands from noon today would be a sufficient initial further step in bringing increased pressure on the Argentine junta.

"I believe a frontal assault would result in a huge loss of life," he said.

The Prime Minister listened in silence when Mr Callaghan appealed to her not to seek to overrule the service chiefs if they counsel caution.

Earlier Mr Michael Foot, the Opposition Leader, had quoted the views expressed by the commander of the naval task force, Rear Admiral Woodward, in support of his beliefs that there was still time and scope for further efforts to achieve a peaceful settlement.

He renewed his suggestion that Mr Francis Pym, the Foreign Secretary, should travel to New York to discuss the possibility of the UN Secretary-General playing a role in trying to achieve a negotiated settlement.

The Prime Minister, in the opening speech, again maintained that the diplomatic skills of Mr Alexander Haig, the United States Secretary of State, still offered the best hope of achieving success around the negotiating table.

She carefully left open the possibility of Mr Pym meeting the UN Secretary-General.

Mrs Thatcher assured the House: "If, at any time, either the Secretary-General or the Foreign Secretary thought that a meeting between the two of them would be likely to assist in achieving an acceptable solution then I say to the House that Mr Pym would of course go to New York straight away."

But she stressed that neither the Secretary General nor the Foreign Secretary judged that any useful purpose would be served, at present, bu such a meeting.

Mrs Thatcher described the latest proposals framed by Mr Haig—she emphasised that they were American proposals—as "complex and difficult."

Tory MPs cheered when she emphasised that the American proposals had to be "measured against the principles and objectives expressed so strongly in our debates in this House."

The Prime Minister said she was unable at present to disclose the terms of the proposals. Mr Haig had judged it right to ask Argentina to give its decision first on the proposals because it was the country to which the Security Council resolution condemning the aggression against the Falkland Islands was principally addressed.

Firmly re-stating Britain's objectives, the Prime Minister said they were the withdrawal of the Argentine forces and the end of the illegal occupation of the Falkland Islands, the restoration of the British administration, and a long term solution which was acceptable not only to the *House of Commons but* to the islands.

"It is the Government's most earnest hope that we can achieve these objectives by a negotiated settlement," she declared.

To cheers from the Government benches Mrs Thatcher stressed that Mr Haig's initiative would never have got under way if the British *Government* had not sent the naval task force to the South Atlantic within four days of Argentina's aggression.

The Prime Minister emphasised that all the action taken by Britain had been based on the resolution approved by the United Nations Security Council.

Without Argentine withdrawals Britain had no choice but to exercise its unquestionable right to self defence under the *UN Charter.*

She promised: "Of course, if Argentina withdraws we should immediately cease hostilities and be ready to hold negotiations with a view to solving the underlying dispute."

Mrs Thatcher insisted that it was quite wrong to suggest that because the invader was not prepared to implement the Security Council Resolution the principles of the United Nations required Britain, the aggrieved party, to forfeit the right of self-defence.

To further Government cheers Mrs Thatcher declared: "Such an argument has no validity in international law. It would be to condone and encourage aggression and to abandon our people."

Mrs Thatcher recalled Britain's earlier *efforts to settle* disputes with Argentina through the international court, and indicated that she had little confidence that any fresh initiatives would produce any better result.

Mr Foot reaffirmed his support for the despatch of the task force to the South Atlantic, and explained that his clash with the Prime Minister earlier in the week, which had seemed to threaten the earlier unity in the House, stemmed from the fact tha he believed she had "brushed aside" an appeal by the UN Secretary General to avoid any escalation of the dispute.

Mr Foot with approval the reported statement of Admiral Woodward that "even at this late stage" there was still time for a diplomatic solution.

To cheers from the Labour benches he declared: "I say that the Admiral on this occasion was talking more sense than the amateur warmongers on the Tory benches."

Mr *Foot* urged the Prime Minister to take note that the paramount interest of Britain and of most countries in the world was that there should be a peaceful settlement of the crisis.

"I say we have to try, try and try again to secure that peaceful settlement.

Underlining the importance of the House speaking, as far as possible with a clear and united voice, Mr Norman St John-Stevas (Con Chelmsford), the former Leader of the Commons, stressed that even if a major escalation in the use of force proved necessary there would have to be a return to diplomatic discussions at some stage.

He also warned that the retention of the support of world opinion would be crucial for Britain in the coming weeks.

"There must not be a suspicion in the minds of the leaders of other countries that we are not sincerely and committedly working for peace," Mr St John-Stevas.

He supported the view that if the latest proposals made by Mr Haig failed to produce a settlement the United States Government should openly and unreservedly align itself with Britain.

Dr David Owen, parliamentary leader of the Social Democrats, backed the views expressed by Mr Callaghan, and urged MPs to avoid a repetition of the situation at the time of Suez when British forces went into action in the knowledge that Parliament and the country were deeply divided.

He called on the Prime Minister to recognise that eventually, whatever happened, the dispute was going to have to be ended with a measure of compromise on all sides.

Dr Owen asked what the position would be if Mr Haig's latest proposals were accepted by the Argentine junta and were then found to be unacceptable to the British Government.

He said: "I believe it would be wrong to have a major escalation of our military commitment to seek repossession of the Falkland Islands on the basis that the Government alone has rejected the proposals put forward by the United States and accepted by Argentina."

Labour Left-winger Mr Tony Benn (Bristol South East), shouting to make himself heard above the angry protests of Tory MPs, demanded a clear Commons consensus for the prevention of war with Argentina.

He said the United Nations should be put into the Falklands to protect lives and the fleet should be brought home.

"That is the message of hope that should emerge from this debate," he said. "We cannot kill for flags today."

The Speaker had to intervene to restore order and Mr Tony Marlow (Con. Northampton West), accused Mr Benn of acting as an apologist for the Argentine junta.

Callaghan: feared loss of life

Tony Benn no killing for flags

Michael Foot: quoted Admiral

COMING AND GOING: Mr Francis Pym, Foreign Secretary, arrives at No. 10 Downing Street for a Cabinet meeting yesterday morning, and Mrs Thatcher leaves for the Commons

No objection to sports contacts

Financial Times Reporter

THE GOVERNMENT yesterday told the Sports Council it had no objection to sporting contacts with Argentina in third countries.

In a Commons written reply, Mr Neil Macfarlane, the Sports Minister, said: "I have advised the Sports Council, and shall be advising the governing bodies of sport, that it is the Government's policy to discourage all sporting contact with Argentina in the UK or in Argentina.

Parliament next week

COMMONS

Tuesday: Local Government and Planning (Scotland) Bill, remaining stages.

Wednesday: Finance Bill, Committee Stage.

Thursday: debate on economic and employment prospects in Wales.

Friday: Private Members' Bills.

LORDS

Tuesday: Copyright Act 1956 (Amendment) Bill, Third Reading; Oil and Gas (Enterprise) Bill; Committee Stage; Administration of Justice Bill, Report Stage.

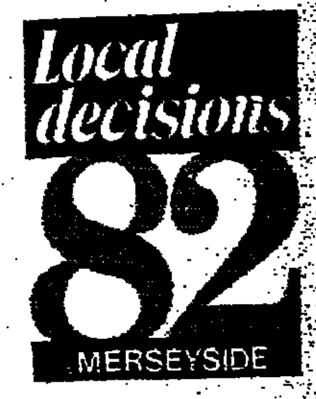
Wednesday: debate on inland transport; Supply of Goods and Services Bill, Second Reading.

Thursday: Epsom and Walton Downs Regulations Bill, Second Reading; Administration of Justice Bill, Report Stage. Debate on state aids to EEC agriculture.

COUNCIL ELECTIONS

Jones the vote puts the boot into the Militants

BY NICK GARNETT, NORTHERN CORRESPONDENT



THE EMERGENCE of Balaclava-hooded youths, and outbreaks of sporadic violence on the streets of Toxteth this week underscore the way economic and social strains and the law and order issue still bubble close to the surface in the heart of Merseyside.

Such emotional issues, though, are just two of many the politicians have been pursuing in the five metropolitan districts which make up the county area. More than half a million people live in Liverpool City, and double that in the other four districts.

A third of the seats are up for grabs in each of the districts—Knowsley, and St Helens, where Labour has big majorities unassailable in this round of elections; Sefton and Wirral, where the Tories are in control, but with apparently more vulnerable majorities; and *Liverpool itself.*

Liverpool has a hung council. Labour forms the largest group, but two years ago cold-shouldered any attempt to take control, partly because it knew it would not be able to get its policies through the chamber.

The Liberals, who have built a well-organised machine in the city, are in control with 38 seats, *as opposed to* Labour's 40, and rely on support from some of the 21 Conservative members. Power has been in the hands of the Liberals or Labour since reorganisation.

Half-a-dozen features haphazardly permeate the elections. One is the strength of the Militant Tendency within Liverpool City's Labour group, and the way this has been used in a robust—some might say vicious—campaign by the Liberals.

Another is the difference in the perception of how well the SDP will do in Liverpool, compared to the other four areas. The party is expected to make considerable gains outside Liverpool.

But in the city the Alliance is a creature with a lot of in-built strains, and SDP candidates have the added chore of making headway in an area where the Liberals are already in control and tend to revel in it to the exclusion of anyone thought to be muscling in on their act.

Sir Trevor Jones, the Liberal group leader, known as "Jones the vote," has made it quite clear that, though the SDP are friends, there is no question of their being given council committee chairmanships. The SDP is fighting seven seats and could perhaps win two or three. It would surprise most Liberals if it won more.

The third factor is one that eats away within most of Britain's big urban conurbations, and is a particularly sore issue in some parts of Merseyside. That is council housing, house repairs and the environment.

In Knowsley, for example, which includes Kirkby and Halewood, 72 per cent of housing is council-owned. Some councils have been facing an uphill struggle even to keep problems in check.

Economy is major national isssue

The impact of the transport subsidies policy of Labour-controlled Merseyside County Council is difficult to pin down.

One effect has been a county rate precept rise of 56.5 per cent in two stages — as popular with many electors as a hole in the head.

The dominant national issue, of course, is the economy.

The way economic illness is *translated into the local* scene gives the area its peculiar paranoia.

Four wards in Liverpool City are reckoned to have unemployment levels of more than 35 per cent. Knowsley has an official unemployment rate of 24 per cent, but a recent local study pointed to a higher figure and to 40 per cent in Kirkby. *Overall, broad areas within the* county boundaries vary from 16 per cent to just over 20 per cent.

Some of the scenarios sketched by Alliance and Labour politicians are based on varying degrees of collapse in the Tory vote. But some are quick to point out how resilient Conservative support can be.

The prospect of rapid British success in the Falklands dispute is something no one is prepared to minimise as an influence. Signs have already emerged of the dispute's impact in bolstering national support for the Tories.

For what it is worth, the following results seem likely:

Sefton—the Tories hold 38 of the 69 seats, and the Alliance and Labour believe the Tory vote may be squeezed, with the Conservatives losing their overall majority, though still remaining the biggest group.

The district has Crosby and Southport in the north—where *the SDP might be expected to* do well, particularly if Mrs Shirley Williams' parliamentary by-election victory has some residual effect—and Bootle in the south, which would normally be viewed as bread-and-butter *Labour territory.*

Wirral—the Tories have 37 of the 66 seats, and some are predicting the same outcome.

Liverpool — the 99-seat council may very well remain hung, though with the Liberals becoming the biggest group.

The Tories are defending seven seats. Their leader, Mr Stan Airey, the mayor elect, believes they will maintain their existing presence, with a loss here and a win there.

Some Tory seats, though, look very vulnerable to the SDP and Liberals, and both Labour and the Alliance believe Mr Airey's own seat in Chilwall could be lost.

The Tories have been campaigning on the basic issues of housing, social services and education, poking at the Liberal administration wherever they find a bit of leverage.

Their campaign is in distinct contrast to the initial one mounted by the Liberals, based on "Marxists out, Liberals in."

The strong Militant *Tendency* influence within a section of the Labour Party in the city has come in for some unpleasant bruising. In the past few days, the Liberals, who are defending 12 seats, have wheeled out their Liverpool resurgence *manifesto* and have been pushing their record in office.

"The Tory vote will collapse dramatically," says Sir Trevor, who argues that the question is whether the Liberals will win an overall majority.

Labour hoping to recover losses

The Alliance in Liverpool has been affected by continuing disagreements between Liberals and Social Democrats over parliamentary representation. Both the Tories and Labour say the Liberals have given the SDP "duff" seats to fight. Two or three of them, though, could be winnable.

Labour, which would need a net gain of ten to win an overall majority, would appear to have little prospect of taking much, if anything, from the Conservatives, but is hoping to pick up former Labour seats which went Liberal two years ago or before.

Mr John Hamilton, the 59-year-old retired schoolteacher who leads the group, has been trying to play a steadying hand between the left and right within the Labour ranks. His party's election material has been attacking the Liberal administration, but the Liberals' anti-Marxist campaign has been hurtful.

"They are scaremongering tactics to divert away from the serious issues," says Mr Hamilton.

"It's Goebbels' tactics. We've seen it before among power-hungry people."

Toxteth after the riots—and Sir Trevor Jones, Liberal leader of Liverpool City Council, whose "robust" campaign has Labour leaders fuming

Commons Sketch

Foot waves the little blue book

THE LITTLE BLUE BOOK of Michael Foot was very much in evidence in the Falklands debate in the Commons yesterday. Nearly everybody seemed to have one to hand.

The Opposition leader proudly waved his aloft. Mr Norman St. John-Stevas (Con, Chemslford), former Leader of the House, boasted he had one, too, and former Labour Prime Minister, Mr James Callaghan, said MPs had been studying it as never before.

Mrs Thatcher seemed to be the only person without one. At least, if she did own a copy, she kept it well hidden in her handbag.

The book in question was the Charter of the United Nations, the clauses and sub-clauses of which Mr Foot dwelt on at loving length. Once more, he warned the Prime Minister that she would do grievous damage to Britain's cause if she failed to make another attempt to find a settlement through the United Nations.

Right wing Tory back benchers now seemed to reserve more of their hatred for Mr Foot than for President Galtieri and Johnny Gaucho. Nobody would be surprised if any day now one of them crossed the Chamber to present Mr Foot with a white feather.

Winston Churchill (Con, Stretford) seemed to be back in the spirit of 1940, when he lavishly praised the Prime Minister's performance, and—*in a dig at Mr Foot*—contrasted her with those "who run for cover at the first whiff of grapeshot."

There was also a nasty flank attack from former able-seaman James Wellbeloved (Erith and Crayford), who quit the Labour Party to sit on the Social Democrat benches. Scathingly, he said those who wanted to send the task force, but did not want to use it, were guilty of "a disgraceful, blatant policy of appeasement of aggression."

But, although Mr Foot, a self-confessed peace-monger, is not too hot on military strategy, he showed a consummate command of parliamentary tactics.

War-mongers

He floored his critics by basing his case squarely on the words used in recent interviews by Read Admiral Sandy Woodward, who commands the task force.

The loquatious admiral had said: "I am not in any doubt that, unless people say let us stop, it will be a long and bloody campaign and in my mind it is absolutely fundamental to try to avoid it."

Mr Foot, quoting from similar statements, agreed with them all and thought the admiral was talking far more sense than the "amateur war-mongers" on the Tory back benches.

The admiral's interviews have certainly caught the steely eye of Mrs Thatcher, who commented acidly that his remarks were always "vivid, if various."

It is a fair bet that a signal will go out in the near future suggesting that the Silent Service should start living up to its name.

Certainly, the Prime Minister made it clear that she saw no useful purpose in Mr Francis Pym, the Foreign Secretary, meeting the UN Secretary General at present.

Mr Callaghan, an old Royal Navy man himself, and the Social Democrats' Dr David Owen, who is only a weekend sailor, both detected an underlying sense of unity in the House and thought it essential to maintain it.

They were right up to a point. The ship of state seemed to have returned to a more even keel, after the shouting match between Mr Foot and Maggie last Tuesday.

But there were many tangled skeins of opinion in *the debate. Mr Callaghan* wanted a blockade, rather than outright assault. Dr Owen, although he seemed prepared to accept the use of force as a last resort, drew angry murmurs from the Tories when he said we should be prepared to negotiate about sovereignty. Mr St John-Stevas praised the Prime Minister's speech, but warned that Britain could forfeit world opinion, if it did not support a political settlement.

"No one has a right to be bellicose when other people's lives are at risk," he declared.

"Tell it to them," yelled Labour MPs, pointing accusingly at the Tory back benches.

John Hunt

UK NEWS — LABOUR

Some employers voice reservations on enforcing new legislation

Wide backing for move to curb union power

THE GOVERNMENT'S efforts to reform industrial relations enjoyed widespread support among delegates to the FT Conference yesterday. But while employers welcomed the Government's Employment Bill, significantly some joined labour and trade union speakers in voicing some serious reservations about its practicality.

The Government should defer its provisions for the periodic review of existing closed shops until after the next election, Dr James McFarlane, director general of the Engineering Employers Federation, said.

His speech was seen as one of the most significant criticisms so far of this aspect of the Government's employment legislation. The EEF is the country's largest employer group and the largest constituent of the CBI. The engineering industry has about 40 per cent of its manual workers and about 10 per cent of its staff covered by the closed shop.

He said: "In general we have no enthusiasm for the 1982 Bill's proposals for the review of existing closed shops. We can be quite confident that unions are not going to co-operate in holding ballots of existing closed shops: and it is certain that this factor, combined with the relatively large compensation available will excite a good number of unfair dismissal cases and industrial relations trouble in some factories."

Dr McFarlane accepted that there was little that could be done about the present position, given the Government's political will; employers would have to live with the consequences of the legislation as best they could.

FINANCIAL TIMES
Industrial Relations—
will Tebbit succeed?
CONFERENCE

"But we do believe that the government would do well to defer bringing in the provision for the review of existing closed shops until after the next general election — so as to reduce the incentive for unions to make general political capital out of particular cases.

He was also critical of the proposals for tightening the immunities enjoyed by unions against legal action.

He echoed the TUC's point that they recollected the conservatives' 1971 Industrial Relations Act and said: "There are grounds for believing that we may see a repetition here of what occurred under the 1971 Act: that is, unions becoming dangerously overconfident that employers will be reluctant to exercise their rights — and then being tripped up by an action brought against them."

He gave broad support to the Government's proposals, but disagreed with such bodies as the Institute of Directors in their criticism of the EEF's ideas for a lay-off clause to protect companies from the effects of selective strike action. He also doubted the institute's proposals to link trade union immunities to procedure agreements.

THE Employment Bill could fail on the shop floor because of a breakdown in management-worker relations, Mr Leslie Burton, national chairman of the Institution of Industrial Managers, told the conference.

The Bill could exert its force only if it was accepted by rank-and-file trade union members. Since the TUC was urging opposition to it, the only counter-balance had to come from managers.

This would involve close working together at shop-floor level, which was absent at present. That was a management problem, which would not go away because of the legislation, and in fact was likely to be worsened because of it.

Legislation was not the only, or perhaps even the best way of improving industrial relations.

While many managers backed many of the proposed measures, such as aligning trade union and individual immunities and the review of the closed shop, opinions differed on other more practical matters.

There were real problems on the shop floor, and it was not sensible to believe that there was any deep difference of opinion between the trade union rank and file and its full-time officials.

Managers had no wish to attack indiscriminately fundamental trade union rights, or legitimate activities, though they were deeply concerned about the growing imbalance of power in favour of the trade unions.

Management accepted its responsibilities—previously legislation had improved British management—but at present it felt it was being dragged into the political arena.

Reports by Philip Bassett and David Goodhart

Mr Pat Lowry, chairman of the Advisory, Conciliation and Arbitration Service, said yesterday that it would be business as usual for Acas when the new Employment Bill becomes law.

He said that if the new sense of realism in British industry was to be more than a phenomenon of the recession the law must have only a limited role in industrial relations.

He said he would not welcome future legislation which granted union immunities on the condition of legally-enforceable arbitration.

Mr Lowry also said that the 1980 Employment Act had made very little impact. Of the 48,000 individual conciliation cases dealt with in 1980-81 only 25 arose from the Act. "And only 16 concerned union exclusion or expulsion," he said.

A warning that British Rail would face a stand-up fight from the unions if it went ahead with plans for 5,000 redundancies in railway workshops, was delivered yesterday by Mr Sidney Weighell, general secretary of the National Union of Railwaymen.

He said the NUR would not sit back and watch a publicly-owned industry crumble and disappear.

He accused the Government of starving British Rail of cash and challenged BR chairman, Sir Peter Parker, to protest publicly that the industry could not manage on its present grant.

He said that the railways were now a three-sided operation involving BR, the unions and Government. "It only requires one partner to renege on its responsibilities to bring the industry to its knees."

Privatisation was another potential field of conflict with Government but protecting jobs came before protecting the principle of state ownership, said Mr Weighell. He cited the reluctant NUR co-operation with privatisation of three British Transport Hotels.

PROFESSOR SIR JOHN WOOD, told the conference that the Employment Bill placed too much emphasis on reforming the closed shop.

He said: "The problem of the closed shop is only a symptom and the proposed legislation leaves the basic disease untouched."

The real need was for stability in industry. "The question is — do we get that stability from strong, professional, centralised unions, or not?"

He said that the old consensus covering the Donovan Report, Acas and the Prior Employment Act supported strong unions but that consensus was now under attack.

A compromise between ethical and power concepts was needed to produce a system which was reasonably fair and, above all, workable.

Prof Wood, of Sheffield University's Faculty of Law, also criticised the granting of retrospective compensation to those who had been dismissed because of closed-shop legislation after 1974.

'Democracy threatened by Bill'

THE GOVERNMENT'S Employment Bill was a serious encroachment on democracy, Mr Jim Mortimer, general secretary-designate of the Labour Party, told the conference.

He said the legislation had nothing to do with building a constructive dialogue between employers and workpeople and everything to do with reducing the ability of workers to defend themselves.

"This is not a moderate measure—it reaches far into the traditional rights of trades unions," he said.

He said the Bill was being introduced when the balance of power in industry was heavily on the side of the employers, and he warned that it would be repealed.

"The most damaging effect of the legislation will be virtually to outlaw solidarity action," he said. The right of the working man to help his fellow workers was good Christian morality and would not be stopped by the new law.

"If Polish workers had been living under Tebbit's law millions of them would have been acting illegally last year."

He said trade unionists had a duty to minimise the harm to other human beings when they took industrial action, "but the logic of the Bill's solidarity clauses is to outlaw all strikes."

He said inter-union disputes were often caused by employers. He also asked who could judge whether a public-sector dispute against a government income policy was a political dispute or not.

Mr Mortimer, a former chairman of the Advisory Conciliation and Arbitration Service (Acas), said the clauses relating to union membership agreements were designed to encourage non-unionism. "Sometimes an open shop is sensible but many employers agree that sometimes 100 per cent membership is better."

Secret ballots on strike action would not mean fewer strikes, and secret ballots demanding 80 per cent support for a closed shop had thrown out the principle of majority rule.

Directors attack secret deals on closed shop

EMPLOYERS WHO attempted to do secret deals with unions on the closed shop were strongly criticised yesterday by Mr Walter Goldsmith, director general of the Institute of Directors.

Mr Goldsmith, speaking at the FT conference, said: Employers who may be tempted to do secret deals on their closed shop arrangements, designed to undermine the provisions of the Employment Bill, would be doing a grave disservice—both to British business and to responsible and effective trade unionism."

He said the institute's opposition to the closed shop was based on economic and humanitarian grounds. The closed shop added significantly to union power, meant disciplinary matters were left to shop stewards, and made it more difficult to alter bargaining structures and restrictive practices.

He said the present Employment Bill was a necessary step towards creating healthier industrial relations "based on the sound business premise that everyone at work must be encouraged to honour contracts."

Employers would gain confidence at the negotiating tables with the new law behind them.

However, Mr Goldsmith predicted the introduction of a third employment Bill within the life of this parliament. It would make secret ballots compulsory and would make unions' legal immunities conditional on their observing a voluntary agreed disputes procedure. This would "ensure that where a voluntarily agreed disputes procedure existed, then industrial action which took place before that procedure had been exhausted would not be protected by the law."

He attacked the TUC's campaign against the present Bill as political. It's intention was to undermine a Bill which has been introduced by a democratically elected government, and incidentally one for which more than 40 per cent of all trade unionists voted." He said the Bill did not detract from the basic rights of trade unions to organise, bargain, strike and picket peacefully.

Mr Goldsmith warned that "the Tebbit Bill will only succeed if complemented by effective communications." He said there had been a healthy upsurge in interest over the last two years in communications and consultation with employees.

"Recent changes in attitude among employees will not be permanent unless reasons for change are adequately communicated and employees feel involved in the decision-making which affects their working lives." Mr Goldsmith said. But he warned that employee involvement should not be confused with industrial democracy.

Minister to meet dockers' leaders as strike threat looms

BY BRIAN GROOM, LABOUR STAFF

DOCKERS' LEADERS are to meet Mr David Waddington, junior employment minister, next Tuesday, as the prospect of an all-out national dock strike from May 10 draws near.

The Transport and General Workers' Union (TGWU) is calling an indefinite stoppage in all ports if the Government does not agree to move towards extending the National Dock Labour Scheme, which forms the basis of dockers' unique employment rights, to all non-scheme ports and wharves.

The talks will not at this stage involve Mr Norman Tebbit, Employment Secretary, although the dockers' threat faces his department with one of its toughest decisions since he took office.

Any concession to the dockers could provoke an outcry from Conservative backbenchers, and from employers in non-scheme ports. These handle about 20 per cent of seaborne trade and employ up to a nestimated 6,000 dockers, compared with 18,000 in registered ports.

Mr John Connolly, national docks secretary of the TGWU, insisted yesterda ythat he required an undertaking that an order would be made to bring ports into the scheme before calling off the strike.

The dockers' new demand is a change of tactics from those of previous years. They are seeking an extension of the existing labour scheme established in 1967.

Previously, they have demanded a new draft scheme identifying extended areas of work for registered dockers to compensate for job losses caused by containerisation. The Government is required to do this under Labour's controversial 1976 Dockwork Regulation Act—but the law set no time limit.

This time, the dockers are not immediately seeking what was previously the centrepiece of their demands—the establishment of an extended "corridor" of registered dockwork around registered ports.

Even the new, limited demand, however, could run into difficulties in the unlikely event of the Government agreeing to it. An independent inquiry would have to be held if serious objections were lodged to an order.

Employers in non-scheme ports may well object. They fear the expense of subscribing to the scheme's national levy, its alleged inflexibility and the special protection given to the jobs of registered dockers.

Health pay action fears

BY IVO DAWNAY, LABOUR STAFF

THE TUC's 14-union Health Services Committee said yesterday that it would press ahead with a campaign of national industrial action, to begin within a fortnight, following the Government's refusal to boost funding for NHS pay.

It said this shortly before the Royal College of Nursing, the largest nurses' union, agreed to ballot its 195,000 members on whether a rule outlawing industrial action should be deleted.

Past ballots on the issue have always rejected any rule change, and it is highly unlikely that the RCN, which is not affiliated to the TUC, will take part in industrial action.

The TUC Health Services Committee said in its statement that nearly all the TUC-affiliated unions had indicated that their members were prepared to take part in the campaign.

The committee meets again on May 10 to consider detailed proposals for form and timetable of the action. Officials indicated yesterday that sanctions were likely to be similar to those begun on Monday by the 235,000-strong Confederation of Health Service Employees.

These include bans on all non-emergency hospital admissions, a series of selective two-hour stoppages, and instructions to members not to deputise for absent senior staff.

So far only the key National Union of Public Employees, with 300,000 NHS members, has failed to confirm support for the campaign pending the outcome of a countrywide consultation process at branch level.

TECHNOLOGY

EDITED BY ALAN CANE

How the Navy is securing its signals from the South Atlantic to the UK

High frequency (HF) radio, threatened with obsolescence for some years by communications satellites, is re-emerging as a secure point to point system for the world's navies. It is at this moment proving itself in the South Atlantic where most of the Royal Navy ships are equipped with Marconi's latest integrated communications system. Geoffrey Charlish reviews the position.

WHEN RADIO emerged as a point-to-point communications medium early in this century, the high frequency (HF) bands were used almost exclusively. They offered acceptably reliable communication over global distances.

Later, space in that spectrum became crowded and this, coupled with the low bandwidths (that is, information carrying capacities) available, forced engineers to work at higher and higher frequencies and to find ways of generating them. Progressively, the VHF and UHF were developed, followed by microwaves and their latest embodiment, the communications satellite or comsat. Microwaves need line of sight transmission and on earth are horizon limited. The satellite allowed for the first time global, very high capacity communications.

Notwithstanding parallel developments in optical submarine cable, the satellite seemed to be the ultimate commercial medium.

But the military it appears, are not so sure, because the craft itself, in splendid isolation 22,000 miles up, is becoming increasingly vulnerable.

Soon it will become a relatively straightforward matter to "take out" a comsat with another, armed spacecraft, particularly since it is emitting radio signals that might be used for homing.

Large footprint

In addition, although satellite radio beamwidths are very small (a few degrees) they necessarily make a rather large footprint (usable receiving area) on the earth's surface and in that respect are no more secure than terrestrial radio such as HF. The security technique of rapidly changing the transmitted frequency in accordance with a pre-arranged pattern is not too easy to produce in satellite working.

So it is no accident that the U.S. Navy, which had equipped all of its major ships with UHF satellite terminals is having some second thoughts and is looking again at HF. It has borrowed a system from the UK where the Royal Navy, although it deploys some satellite terminals, has been working closely with Marconi Communications Systems of Chelmsford and MEL of Crawley on a new integrated communications system, ICS3, which majors on HF.

Marconi has installed ICS3 on all the RN ships now in the South Atlantic. Used with modern cryptography techniques, the systems provide, among other things, secure communications back to the UK.

In the past, a change of frequency in the HF bands has often meant physical changing of connections from one aerial to another, using various tuned couplers and cables. A number of adjustments had to be made and a change of frequency could take many minutes.

In ICS3 Marconi has taken an integrated approach with aerials, transmitters and receivers allowing any frequency in the 240kHz to 28 MHz range to be selected, at an appropriate power output to suit the destination of the transmission, in only one second. A multiwire, wideband aerial has been perfected for transmission, another for reception. Separate, final tuning of power output stages in what were, previously, a number of separate circuits has been done away with. Instead, ICS3 uses a number of untuned wideband power amplifiers covering the whole 240kHz to 28MHz range.

Mimic panel

A number of users can work into the system at the same time, at various frequencies, in voice, telegraph or data modes, via a supervisory subsystem.

This subsystem in fact embraces all the ship's communications and via a central switching matrix allows any user position to be instantaneously connected to any HF, VHF, UHF or Satcom circuit. A mimic panel shows the states of readiness of the various equipments, which include message switching facilities on a store and forward basis, engineered by MEL.

The transmitter and receiver drives incorporate channel memories to enable 19 frequencies to be pre-set; they can then be chosen locally or from a supervisory panel.

On electronic counter-couter measures (ECCM), all Marconi is able to say at the moment is that "work is going on" on anti-jamming and frequency hopping techniques. Clearly however, this is one of the first equipments to become available which, because of the wide-band approach, allows quite agile frequency changing, although it is bound to be somewhat slower than that achieved in portable, lower powered equipment.

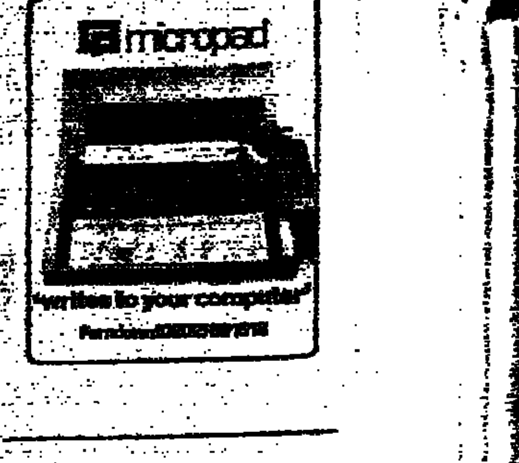
Hopping needs a hopper driver which in effect, contains the secure codes that say how the changes shall be made. If such a system is being deployed by the Royal Navy in the South Atlantic, it is extremely unlikely that anyone other than the intended recipients is picking up the fleet's transmissions.

No more power than that needed for the distance involved is used. Thus, ICS3 can be used at lower power for ship to ship work, perhaps 100 watts, rising to 250 w for intermediate distances and 700w for strategic communications over many thousands of miles. All three modes can be carried on at the same time, from the same aerial fed from the common wideband "power bank."

A particular advantage is that the ship need not be quite so festooned with aerials serving different frequencies. The mast or funnel itself forms part of the radiating structure, together with four wires, covering 9 to 28MHz. For receiving, a 1.5 metre monopole aerial is used with a preamplifier, allowing up to 36 receiver to be fed at the same time.

Marconi now expect the interest in HF to grow (it is talking to other navies). In battle, as one Marconi man pointed out, HF fails "soft" (station by station). "With a satellite, you lose the lot."

HMS Hermes and the frigate, Broadsword, now off the Falklands—the Marconi ICS 3 systems are working overtime



Device for sound pulses

BESTOBELL-MOBREY, part of the international engineering group, has developed a new device for measuring the level of a liquid using sound pulses.

What makes its "Sona Pulse" system different is that for the first time Mobrey is using microprocessor technology to analyse the sonar pulses.

This means the new instrument offers extensive facilities not seen in earlier devices.

Channel flow

Sound based measuring systems like the Sona Pulse are especially useful where the levels of aggressive and corrosive liquids have to be measured.

The Sona Pulse is also useful for open channel flow measurements where, to quote Mobrey: "The flow to height relationships follow 5/2 or 3/2 power laws."

The sensor is equipped with a reference pin; maximum range is 10 metres at pressures of up to 3.5 bar and 70°C.

About 40 different options can be keyed into the device using a front mounted numeric keypad—this is what distinguishes it from cheaper and simpler sonic distance measurement devices.

The system costs between £800 and £1,000. According to Mr Frank Benson, Mobrey's electronics marketing manager, the chief advantages of the new device are its accuracy, simplicity in operation and low price.

Government grant

It was developed with the aid of a Government MAPCON grant. Water authorities and the metals industries are already using the Sona Pulse in their installations. More on 0753 34646.

ALAN CANE

Cambridge applies itself to a potato pest

BY ELAINE WILLIAMS

THE PLANT Breeding Institute at Cambridge knows all about pests. It spends most of its time trying to produce new plant species—mainly the agricultural variety—which are resistant to attack from pests and diseases.

Its Queen's Award for Technology has been won for the 14-year development of Maris Piper, a member of the humble potato family.

For two years the Maris Piper has been the leading maincrop variety and accounted for 24.2 per cent of all maincrops last year.

Frozen foods

Not only is it one of the few potato varieties which satisfies the standards of leading supermarkets but it also is widely used in the manufacture of frozen dehydrated and powdered products.

The Maris Piper potato is resistant to attack by eelworm—known as cyst nematodes—which are the most serious potato crop destroyers in Britain and Western Europe.

Small tubers

According to the Plant Breeding Institute, annual UK losses due to the eelworm still amount to more than £30m compared with about £10m a year in 1970.

Before the introduction of the Maris Piper, the institute says that potato cultivation in some parts of the country, particularly the fens area of East Anglia, was threatened by Globodera rostochiensis, one of the two eelworm species which reside in the UK.

The work on development of the Maris Piper began 30 years ago although it was not until 1966 that the potato made its first appearance.

Workers at the institute found that some wild and cultivated potatoes from South America were resistant. However, in the British climate the Andigena species of potato produces only very small tubers.

A single dominant gene was found to give the potato its resistance, so the institute set about crossing the Andigena with susceptible varieties until they produced a new potato which had large crops and resistance to the British eelworm.

The institute has won two previous awards for industry, in 1973 and 1975 for work on wheat and kale. It is based at Cambridge and had a total research staff of about 180.

Pure research

The two people directly involved with the development of the Maris Piper were Dr H. W. Howard and Mr C. S. Cole both of whom have since retired.

The plant Breeding Institute, founded in 1912, is financed by the Agricultural Research Council. It mainly carried out pure and applied research to improve agricultural crops by breeding.

Toadstools with the mushrooms

BY LOUISE KEHOE

THE QUALITY of software programs sold for use on personal computers is variable — at best.

With new software houses popping up like mushrooms to take advantage of the boom in personal computer sales, it is perhaps inevitable that there should be some toadstools among them.

Pie charts

For those who have suffered the pangs of aggravation produced by the less succulent breed of software, it is refreshing to discover what the best quality products can taste like. The latest offering from software publishing in mountain view, California, is one such.

A graphics package designed to run on the Apple II computer, PFS graph will take data and turn it into graphs, bar charts or pie charts. "It is aimed at the businessman who believes that a picture is worth a thousand words," says the company.

Cleverly, personal software has made its graph program compatible with data collected on visicalc files — as well as data held on files formatted by the company's own personal filing system (PFS). This promises to make the package, which sells for $125, a best-seller.

Like visicalc, it could become a standard business tool.

Like personal softwar's previous products — PFS and PFS report (which generates reports from PFS files) — the graphs program is menu driven. Each time the user turns on, a menu of options appears on the screen. Each selection produces another menu until the desired function is found.

This cuts out the tiresome business of learning special commands to perform desired functions-commands that are inevitably different for each program that the user purchases.

Colour graphs

PFS graph can work with either the Apple siltentype printer, the popular Epsom printer or the new Hewlett Packard low cost 747A plotter. With the latter, it can produce colour graphs or tranparencies which can be used for presentations.

A version of the program designed to run on the Apple III will be available later this year, according to the publishers.

FT COMMERCIAL LAW REPORTS

Director's indebtedness not a loan

CHAMPAGNE PERRIER-JOUET SA v HH FINCH LIMITED AND OTHERS

Chancery Division: Mr Justice Walton: April 26 1982

INDEBTEDNESS TO a company incurred by a director in respect of payments made on his behalf by the company and in respect of goods supplied to him by the company, is not a "loan" in the context of the statutory prohibition on loans to directors or the standard articles of association. Accordingly, in such circumstances, the company's rights under the articles to a lien over shares owned by a person "indebted" to the company, can be validly exercised over the director's shares despite provisions in the articles that the company shall not make a loan on the security of its shares.

Mr Justice Walton so held when giving judgment for the defendants, HH Finch Ltd, Mr James Lynch, and Mr David Welch, a Finch shareholder, in a claim by the plaintiffs, Champagne Perrier-Jouet SA, a French company, for declarations as to the parties' respective rights over Mr Lynch's shares in Finch.

* * *

HIS LORDSHIP said that Mr Lynch held shares in Finch, a private company of which he was a life director. The company's articles of association embodied clause 10 and clause 11 (significantly altered) of Table A to the Companies Act 1948.

Clause 10 provided: "The company shall not make a loan for any purpose whatsoever on the security of its shares." Clause 11, as altered, provided "The company shall have a first and paramount lien on every share . . . registered in the name of a person . . . indebted or under liability to the company."

During the course of Mr Lynch's directorship, he became greatly indebted to Finch, such indebtedness being recorded, as was fairly common in such cases, in a "loan account." What had happened was that Finch paid a great many bills for Mr Lynch, and he took supplies of wines from Finch's stocks for his own company.

Finch's affairs did not appear to be prospering and by a deed dated December 14 1976, Mr Lynch's directorship was terminated, and he undertook to repay what was referred to as his "loan," of £27,000, at the rate of £52 per year. His own company also did not prosper, and on June 9 1979 he gave a guarantee to the plaintiffs who were its suppliers. On the same day he executed an equitable mortgage of his shares in Finch to the plaintiffs. On November 23 1979 notice was given to Finch of the existence of the plaintiffs' equitable charge.

Mr Lynch defaulted in making the payment of £52 per year and Finch obtained judgment against him for £27,766 on May 18 1981. The plaintiffs called in the sums due under the guarantee on July 16 1981.

The relief sought by the plaintiffs in the present action was, *inter alia*, a declaration as to whether Finch had any rights over Mr Lynch's shares; and a declaration that the plaintiffs' rights over the shares under the equitable charge took effect in priority to Finch's rights.

Having regard to clauses 10 and 11 of Table A, the first question was whether there was a "loan" by Finch to Mr Lynch. He was undoubtedly indebted to Finch, but such indebtedness did not arise from any actual cash advanced by Finch to him.

In the context of a prohibition on loans to directors in section 190 of the Companies Act 1948 [now to be found in section 49 of the Companies Act 1980], and the use of "loan" in clause 10 of Table A, the correct meaning of "loan" was that to be found in the Shorter English Dictionary: "a sum of money lent for a time to be returned in money or money's worth."

It followed that money paid to B at the request of A was quite definitely not a loan. If authority were required for such an obvious proposition, it was to be found in *Potts's Executors v IRC [1951] AC 443*.

Neither the execution of the deed on December 14, 1976, nor Mr Lynch's default in payment of the £52, altered the status of Mr Lynch's indebtedness to Finch. It was a simple indebtedness, but not by way of loan.

Under clause 10 of Table A, Finch would not be entitled to any lien on the shares in respect of a loan; but as the vast bulk of Mr Lynch's indebtedness did not arise out of any loan transaction, Finch had a lien over his shares, conferred by clause 11 of Table A, as modified.

That lien took priority to the plaintiffs' equitable charge. Clause 7 of Table A provided: ". . . the company shall not be bound . . . to recognise (even when having notice thereof) any equitable . . . interest in any share . . ." The plaintiffs' notice given on November 23, 1979, could therefore safely be ignored.

The lien conferred on Finch the right to sell the shares under the provisions of clauses 12 to 14 of Table A, embodied in the articles of association. Clause 12 provided: "The company may sell in such manner as the directors think fit, any shares on which the company has a lien."

The real nub of the case was whether, if Finch chose to exercise its right to sell the shares, it had freedom to do so on the open market, or whether it was bound to do so through the fairly common transfer articles which it had adopted, particularly article 7.

Article 7 prohibited any transfer of shares by a member of Finch without their first being offered to other members after issue of a "sale notice" to the company. The question was whether Finch had power under clauses 12 to 14 of Table A to sell the shares without regard to article 7.

Mr Lyndon-Stanford for the plaintiffs, contended that there was nothing in clauses 12 to 14 which meshed with the provisions of article 7. In particular, there was no provision in the clauses whereby a sale notice could be served. He said that if the language of the relevant provisions was doubtful, they should be construed in such a way as to provide that the company had a completely unfettered power of sale.

In the present situation the more natural answer was in favour of the restrictions applying. The shares were subject beyond question to the restrictions set out in article 7.

In article 7 the sale notice played an essential part, whereas there was no obvious provision for giving such notice under clauses 12 to 14 of Table A. However, clause 13 provided that "the directors may authorise some person to transfer the shares", and there would be no difficulty in that person also giving a sale notice. Such implication was clearly required to ensure that the provisions of article 7 were given their full effect. In that way the whole of the provisions of the articles of association, read together and construed as one, made substantial and interlocking sense.

Accordingly, Finch's lien conferred on it the right to sell sufficient of Mr Lynch's shares, through the machinery of article 7, to discharge his liability to Finch, and all incidental costs and expenses of the sale.

Judgment for the defendants.

For the plaintiffs: Michael Lyndon-Stanford QC and J. D. Martineau (David Alterman and Sewell).

For Finch: Allan Heyman QC and Anthony Bompas (Ashurst, Morris, Crisp and Company).

For Mr Welch: R. G. Fowls (Ashurst, Morris, Crisp and Company).

Mr Lynch was not present and was not represented.

By Rachel Davies
Barrister

RACING

BY DOMINIC WIGAN

ARDROSS, who has taken over Le Moss's mantle of staying champion of Europe, returns to the fray in this afternoon's Jockey Club Stakes at Newmarket.

It will be interesting to see how he fares over 1½ miles against Glint of Gold and Amyndas, who recently clashed in Newbury's John Porter Stakes.

Cecil and Piggott, for whom Critique finished a close third behind Glint of Gold and Amyndas in that Newbury event, are clearly hopeful that Ardross can resume where he left off last season. They may well be right in thinking he can win, but logic points to Glint of Gold coming out on top.

Glint of Gold, a specialist 12 furlong horse, was runner-up in the Derby. He put up a highly impressive performance at Newbury in spite of looking considerably less forward than either the second or third. He was driven into the lead below the distance and was always travelling just too well for Amyndas, to whom he was conceding 6 lb. The Kingsclere four-year-old, who was inclined to hang through tiredness, should win a shade more comfortably this afternoon, on a pound better terms.

Sing Softly is still more backward than many had anticipated a few weeks ago and the way could be clear for Hula Ruler and Top Lady to fight out the finish to the pretty Polly Stakes.

Hula Ruler, who produced useful winning form in the autumn for Cumani, is ready to do herself full justice. Top Lady will be all the better for her initial effort in the Wood Ditton.

There is likely to be little in it, but the proximity of four behind Top Lady in the Wood Ditton suggests that Hula Ruler's form is probably the better.

The Upper Lambourn stable of Nick Vigors suffered a severe and unforeseeable reverse when Scarrowmanwick trailed home last in Tuesday's Victoria Cup. The setback does not prevent me from thinking that My Dear Fellow will make a bold bid to redress the balance in the six furlong Ely Handicap.

NEWMARKET

2.30—My Dear Fellow*
3.00—Hula Ruler***
3.30—Glint of Gold**
4.40—Forest Ride

TELEVISION

Chris Dunkley: Tonight's Choice

Friday is American benefit night on ITV. The network opens with a half-hour American style game show, goes on to a one-hour American import, into a British sitcom, then a 60-minute drama (which seems twice that long) about American servicemen in Britain, followed by the news, and then various programmes in different regions: Benson a half-hour American comedy in London, for instance, and Bizarre another half-hour American comedy in Lancashire. In London we then have just half an hour of local material followed by half an hour of America's Dolly Parton and an hour of America's Rawhide.

The British sitcom is The Bounder which is worth watching for George Cole. Everything he makes is worth watching. Yet the teaming of Cole and Peter Bowles, although it may well grab the ratings, seems to me a professional mistake: they don't contrast enough in comedy style.

Newsweek on BBC2 examines the extent to which the rows between left and right in the Labour Party are reflected in the trade union movement. In the "Playhouse" work Lunch two women who swap news over lunch every fortnight suddenly discover they have more in common than they realised.

BBC 1

6.40-7.55 am Open University (Ultra High Frequency only). 9.00-12.00 For Schools, Colleges. 12.30 pm News After Noon. 1.00 Pebble Mill At One. 1.45 Heads and Tails. 2.02 For Schools, Colleegs. 2.30-2.55 Weekend Wardrobe. 3.20 Pobol y cwm. 3.53 Regional News for England (except London). 3.55 Play School. 4.20 Undercover Elephant. 4.25 Make 'Em Laugh — This week: Harry Langdon. 4.45 Newsround Extra. 4.55 Blue Peter Special Assignment.

5.40 News.
6.00 Regional News Magazines.
6.22 Nationwide.
7.00 Are You Being Served? The first of seven programmes starring Molly Sugden and John Inman.
7.30 Odd One Out with Paul Daniels.
8.00 Enigma Files: Detective series starring Tom Adams.
8.50 Points of View with Barry Took.
9.00 News.
9.25 McClain's Law starring James Arness.
10.15 The Battle for the Town Halls (London and South East only).
10.45 News Headlines.
10.50-12.35 am The Late Film: "Leo the Last" starring Marcello Mastroianni.

BBC 2

6.40-7.55 am Open University.
11.00-11.25 Play School.
5.10 The Roaring Silence.
†5.35 "College" starring Buster Keaton.
6.40 Something Else.
7.25 News Summary.
7.30 Snooker.
8.00 Gardener's World.
8.25 Newsweek.
9.00 Playhouse: "Lunch."
9.35 Snooker.
10.15 Scoop.
10.45 Newsnight.
11.30-12.35 am Snooker.

LONDON

9.25 am Schools Programmes. 11.52 The Bubblies. 12.00 Song Book. 12.10 pm Once Upon a Time. 12.30 Our Incredible World. 1.00 News, plus FT Index. 1.20 Thames News. 1.30 About Britain. 2.00 After Noon Plus: Elaine Grand talks to Norman St John Stevas, MP, about his new book "Pope John Paul II—His Travels and Mission." 2.25 Racing from Newmarket covering the 2.30, 3.00 and 3.30 races. 3.45 Wild, Wild World of Animals. 4.15 Porky Pig. 4.20 Razzmatazz. 4.45 Freetime. 5.15 Film Fun with Derek Griffiths.

5.45 News.
6.00 The 6 O'clock
7.00 Family Fortunes
7.30 The Fall Guy
8.30 The Bounder
9.00 We'll Meet Again
10.00 News.
10.45 Benson.
11.15 The London Programme: The London Crunch: The SDP/Liberal Alliance and the Local Elections.
11.50 Dolly starring Dolly Parton.
12.20 am Nightlife: Rawhide starring Clint Eastwood.
1.20 Close: Sit Up and Listen with Mary Craig.

† Indicates programme in black and white

All IBA Regions as London except at the following times:

ANGLIA

12.30 pm The First Day. 1.20 Anglia News. 3.45 The World We Live In. 6.00 About Anglia. 10.45 Bizarre. 11.15 Members Only. 11.45 Friday Late Film: "RPM (Revolutions Per Minute)" starring Anthony Quinn. 1.25 am Dear Diary.

BORDER

12.30 pm Superstar Profile. 1.20 Border News. 3.45 Make Mine Music. 6.00 Lookaround Friday. 6.30 The Electric Theatre Show. 10.45 Wish You Were Here. 11.15 Danger UXB. 12.15 am Border News Summary.

CENTRAL

12.30 pm Till Divorce Do Us Part. 1.20 Central News. 6.00 Central's Girl of the Year 1982. 10.05 Central News. 11.20 Invitation to Robbery: "The Red Circle." starring Alain Delon.

CHANNEL

12.30 pm Till Divorce Do Us Part. 1.20 Channel Lunchtime News, What's On Where. 3.45 Survival. 5.15 Here's Boomer. 6.00 Channel Report, followed by What's On Where. 6.35 Spiderman. 7.30 Hart to Hart. 10.43 Channel Late News and Weather. 10.45 House Calls. 11.20 Continental Cinema: "Promise at Dawn." 1.00 am News and Weather in French.

GRAMPIAN

9.30 am First Thing. 12.30 pm Wild, Wild World of Animals. 1.20 North News. 3.45 Patterns. 6.00 North Tonight, including Sports Desk. 10.45 Points North. 11.45 The Streets of San Francisco. 12.35 am North Headlines.

GRANADA

11.52 am Wattoo Wattoo. 1.20 pm Granada Reports. 1.30 Exchange Flags. 3.45 About Britain. 6.00 Kick Off. 6.30 Granada Reports. 10.45 Bizarre. 11.15 A Week on Friday. 11.45 Ngaio Marsh Mysteries.

HTV

12.30 pm Till Divorce Do Us Part. 1.20 HTV News. 6.00 HTV News. 6.30 So What's Your Problem? 10.43 HTV News. 10.45 Flowers Dartsathlon 1982 (quarter finals). 11.15 The Late Night Film: "When Light Bells Toll."

HTV Cymru/Wales—As HTV West except: 9.50-10.05 am Mwy Neu Lai. 12.00-12.10 pm Bath Am Stori? 4.15-4.45 Stori'r Cefylau Gwyllt. 6.00 Y Dydd. 6.15 Report Wales. 6.30-7.00 Making it Work. 10.45 Opportunity Wales. 11.45-1.30 am The Late Night Film (as HTV West 11.15 pm).

SCOTTISH

12.30 pm Spellbinders (Lola Montez). 1.20 Scottish News. 3.45 The Flying Kiwi. 5.15 Private Benjamin. 6.00 Scotland Today. 6.30 Sports Extra. 6.45 Hear, Here. 10.45 Ways and Means. 11.15 Late Call. 11.20 Movies Through Midnight: "Crescendo," starring Stefanie Powers.

TSW

12.30 pm Till Divorce Do Us Part. 1.20 TSW News Headlines. 3.45 Survival. 5.12 Gus Honeybun's Magic Birthdays. 5.15 Here's Boomer. 6.00 Today South West. 6.30 What's Ahead? 7.30 Hart to Hart. 10.47 TSW Late News. 10.49 Continental Cinema: "Promise at Dawn," starring Melina Mercouri. 12.30 am Postscript. 12.35 South West Weather.

TVS

11.52 am The Undersea Adventures of Captain Nemo. 12.30 pm Bygones. 1.20 TVS News. 3.45 The Cuckoo Waltz. 5.15 Sale of the Century. 6.00 Coast to Coast. 6.30 Friday Sportshow. 10.45 Bizarre. 11.15 "Benjamin," starring Pierre Clementi. 1.00 am Company.

TYNE TEES

9.25 am The Good Word. 9.30 North East News. 12.30 pm The Washington Trail. 1.20 North East News and Lookaround. 3.45 Fangface. 6.00 North East News. 6.02 Sportstime. 6.30 Northern Life with Tom Coyne. 10.45 North East News. 10.47 Friday Night Film: "The House That Dripped Blood," starring Peter Cushing. 12.50 am Poet's Corner.

ULSTER

12.30 pm Untamed World. 1.20 Lunchtime. 3.45 Bygones. 4.13 Ulster News. 5.15 Milestone or Millstones. 6.00 Good Evening Ulster. 6.30 Good Evening Ulster. 6.30 Different Strokes. 10.44 Ulster Weather. 10.45 Witness. 10.50 Lou Grant. 11.50 News at Bedtime.

YORKSHIRE

11.55 am The Undersea Adventures of Captain Nemo. 12.30 pm The First Day. 1.20 Calendar News. 3.45 Bygones. 6.00 Calendar (Emley Moor and Belmont editions). 6.30 Calendar Sport. 11.15 Pro-Celebrity Snooker. 12.00 Mannix.

RADIO

(S) Stereophonic broadcast (when broadcast on VHF)

RADIO 1

5.00 am As Radio 2. 7.00 Mike Read. 9.00 Simon Bates. 11.30 Paul Burnett. 2.00 pm Steve Wright. 3.30 Newsbeat. 3.45 Roundtable. 7.00 Andy Peebles. 10.00-12.00 The Friday Rock Show, with Tommy Vance (S).

RADIO 2

5.00 am Ray Moore (S). 7.30 Terry Wogan (S). 10.00 David Frost (S). 12.00 Gloria Hunniford (S). 2.00 Ed Stewart (S) including Racing from Newmarket (3.30 Jockey Club Stakes). 4.00 David Hamilton (S). 5.45 News. 6.00 John Dunn (S). 8.00 Sports Desk. 8.00 Barn Dance (S). 9.55 Sports Desk. 10.00 The Random Jottings of Hinge and Bracket. 10.30 Alastair Cooke (a personal view of popular music). 11.00 Peter Clayton with Round Midnight. 1.00 am Night Owls (S). 2.00 Star Wars (S). 2.27-5.00 You and the Night and the Music (S).

RADIO 3

6.55 am Weather. 7.00 News. 7.05 Morning Concert (S). 8.00 News. 8.05 Morning Concert (continued). 9.00 News. 9.05 This Week's Composer: Dufay (S). 9.45 Northern Sinfonia of England (S). 10.30 Monteverdi (S). 11.30 Beethoven and Brahms piano trio recital (S). 12.25 pm Midday Concert, part 1 (S). 1.00 News. 1.05 Midday Concert, part 2 (S). 1.50 Music for Piano Duet (S). 2.25 Bath Festival 1981 (S). 4.00 Choral Evensong (S). 4.55 News. 5.00 Mainly for Pleasure (S). 7.00 The Romance and the Rose (S). 7.30 Violin and Cello recital from the Broadcasting Centre, Birmingham, part 1: Brahms (S). 8.15 Playing the Game. 8.35 Violin and Cello, part 2: Brahms (S). 9.25 Crowded Hours. 10.10 Handel and Sedford (S). 11.00 News. 11.05-11.15 William Williams (S).

RADIO 4

6.00 am News Briefing. 6.10 Farming Today. 6.25 Shipping Forecast. 6.30 Today. 8.35 Yesterday in Parliament. 8.57 Weather, travel. 9.00 News. 9.05 Desert Island Discs (S). 9.45 Tomorrow—A Garden in Spring. 10.00 News. 10.02 International Assignment. 10.30 Daily Service. 10.45 Morning Story. 11.00 News. 11.03 Round Britain Quiz with Roger McGough. 11.30 You the Jury (S). 11.48 Bird of the Week. 12.00 News. 12.02 pm You and Yours. 12.27 Frank Muir Goes Into... Childcare (S). 12.55 Weather, travel, programme news. 1.00 The World at One. 1.40 The Archers. 1.55 Shipping Forecast. 2.00 News. 2.02 Woman's Hour. 3.00 News. 3.02 Afternoon Theatre (S). 4.00 News. 4.02 Why I'm Me with Rabbi Julia Neuberger. 4.10 Locally Speaking. 4.40 Story Time. 5.00 PM: News magazine. 5.50 Shipping Forecast. 5.55 Weather, programme news. 6.00 News including Financial report. 6.30 Going Places. 7.00 News. 7.05 The Archers. 7.20 Pick of the Week (S). 8.10 Profile. 8.30 Any Questions? 9.15 Letter from America by Alistair Cooke. 9.30 Kaleidoscope. 9.59 Weather. 10.00 The World Tonight. 10.30 Week Ending (S). 11.00 A Book at Bedtime. 11.15 The Financial World Tonight. 11.30 Today in Parliament. 11.45 Glyn Worsnip delves into the BBC Sound Archives. 12.00 News.

THE MANAGEMENT PAGE

EDITED BY CHRISTOPHER LORENZ

The 'skinflint' airline that got a grip on itself

Ian Hargreaves explains how TWA is fighting the squeeze in the aviation industry

ASK Edwin Smart, chairman of Trans World Corporation, whether he has ever seriously thought about selling his main business, TWA, the most flourishing of the big U.S. international airlines, and you get what he calls "a guarded answer."

"It is a subject," he says, "which cannot be disregarded. With only one or perhaps two exceptions no airline in the U.S. has generated an adequate return on capital. The businessman has to look at that fact and ask himself whether it is a portent for the future or not."

He has received two actual approaches, he says, one well publicised from Texas Air; the other, never disclosed, from an unnamed source. The board, he says, decided on both occasions that TWA was not for sale, but, he adds: "every property in the business world ultimately has its price."

If that sounds like a recipe for unease among the ranks at one of the world's largest and best known airlines, such has indeed been the case.

But, when you boil it down, it has also been the underlying reason why TWA and its parent corporation, under Ed Smart, have so far come through the worst slump in the U.S. airline industry's history more or less unscathed, in sharp contrast to the 1974-75 recession, when TWA was, with Pan Am and a couple of others, a prominent member of the industry's casualty ward.

Pan Am flew out of that recession smack into the same problems in this one. The airline expanded (by buying National Airlines) and modernised its fleet at breakneck speed in pursuit of the industry's conventional wisdom that only the most modern fleets could survive in a period of rising fuel prices.

Ed Smart, and the finance man he promoted to run TWA, C. E. Meyer, became known as the industry's skinflints. Today, they are hailed as two of the few who got it right.

According to Neil Effman, TWA's head of planning, it was almost as simple as taking finance seriously, something which is not automatic in an industry noted before the current slump for its clubby disdain for matters financial. "We brought in the finance function—that was a major part of it. They laid on the line what the available capital would be in a realistic fashion."

Wriggle out

From that fundamental stringency, and a resultant decision never to make long-range aircraft purchase commitments, TWA constructed a strategy. (In 1979, TWA got Boeing to break with traditional practice and agree to take firm orders for 10 767 aircraft and 35 options, rather than Boeing's normal formula of allowing one option for each firm order. Other airlines ordered in excess of 30 767s and have since been trying to wriggle out of their commitments.)

The strategy involved, obviously, cutting routes where the airline no longer had the right aircraft or adequate traffic to sustain profitable business, but the re-alignment was made relatively painless by the decision to implement it in a boom which made job losses less sizeable and less painful.

Because the cuts were counter-cyclical, TWA was also able to take more time over its plan, which over a period emerged as one of the several "hub and spoke" structures to be developed in the late 1970s by a number of the more successful American airlines.

Hub and spoke involves an airline focusing its business on the airports where it has a lot of service and a dominant market position and finding, so far as is possible, opportunities to link up flights and timetables to carry its passengers on two and three leg journeys without delivering them into the arms of another carrier. This is a particularly useful strategy for an airline like TWA which has important, profitable long-haul international routes like the North Atlantic where competition is strong both on price and service quality.

So, TWA worked to build up hubs like St. Louis and Kansas City, increasing service by 75 per cent to St Louis, for example, partly by adding flights to smaller cities not previously served by TWA. In total, TWA now serves 50 U.S. cities, against 35 before 1976—a change made possible, of course, by President Carter's decision to deregulate domestic airlines and allow them to enter or abandon routes at will.

The quid pro quo was to pull back from some big cities, like Chicago, dominated by the home-town carrier United, and where TWA has cut services by 60 per cent since 1976.

The net result of all this was that TWA flew into 1980, which until the Carter Spring credit crunch every one expected to be a good year for airlines, on a path of contraction. The amount of revenue passenger traffic fell by 8.8 per cent in 1980 and in 1981 by a further 8.5 per cent. But because fewer seats were being offered, the percentage of those seats occupied actually rose against the industry trend from 61.7 per cent to 62.4 per cent.

Even this, however, was not enough to keep TWA out of the red and the airline lost $75m pre-tax in 1980 and 1981 and will doubtless show another hefty loss in the first quarter of this year.

But here, the other advantage of Ed Smart's lack of sentimentality about aeroplanes came to the rescue in the form of the non-airline businesses he had been able to build up in the period while he was, in a sense, starving TWA into better health.

Hilton International, a major hotel chain, with a policy of managing rather than owning, has become highly profitable and is now expanding vigorously into the U.S., where it may find the going tougher.

Canteen, a food service group acquired from ITT in 1973, is suffering somewhat from Midwest tummy—it serves primarily the depressed factories of the industrial midwest—but Smart sees a brighter future as the company builds up its business in the sports arena and office service sectors. Canteen last year increased pre-tax profits from $19m to $22.1m.

Spartan Food Systems owns low-price family restaurants mainly in the economically healthy sunbelt and increased 1981 pre-tax profits from $21.1m to $30.3m in what was only its second full year as part of Trans World.

Century 21, a huge, franchised chain of estate agents, bought by Smart in 1979, managed a modest profits increase in spite of the worst year in the U.S. housing market since the 1930s. This business, says Smart, offers scope for another phase of diversification into the insurance field.

The bottom line told the story. Net income of $64.3m was down only a fraction on 1980, in a year which nearly killed two large airline competitors, Braniff and Pan Am, and which led to the effective merger of two others—Continental Airlines and Western Airlines. As icing on the cake, TWA also ended the year with a stronger balance sheet than when it started, thanks to a deftly timed venture into the equity market and a sale of some low-interest debt which cut the company's debt to equity from just over 2:1 to 1.8:1. In 1975-76, the ratio peaked at 5.6:1.

No business plan, however, comes without costs and Trans World's is no exception.

The most obvious sacrifice has been an estimated percentage point drop (to just over 7 per cent) share of the U.S. trunk carriers' (major airlines') market. Perhaps more potentially damaging has been the unchecked ageing of TWA's fleet, which at 11.7 years is the oldest of any major carrier and compares, for example, with a little over 7 years at Delta, the industry's most successful carrier.

Wage freezes

Even this negative, though, is somewhat offset by the recent decline in fuel prices, which makes older aircraft less of a cost liability. It can hardly be claimed by TWA that it foresaw the oil glut, but rapid changes of this kind have certainly made a virtue of the short-horizon planning technique.

Another valid criticism has been TWA's relative slowness off the mark in tackling its problem of inflated labour costs at a time when its more crisis-stricken competitors have been negotiating wage freezes and even pay cuts thick and fast.

Recently, however, TWA has completed the first of a series of scaled-down pay deals and should therefore soon start to make some progress. But the airline has a long way to go, suffering by its own admission, a total domestic operating cost in 1980 of 58.7 cents per mile, against a 52.5 cent average for U.S. domestic trunk airlines.

When set against the up and coming new and regional carriers, as TWA is on several U.S. routes, the airline is just as much out of line as any of the other "flabbier" trunk carriers. For its service between La Guardia airport New York and Columbus, Ohio, TWA reckons it spends $6,096 per flight to offer 101 seats, compared with the $3,197 of rival People Express, which pays its staff less and manages them better.

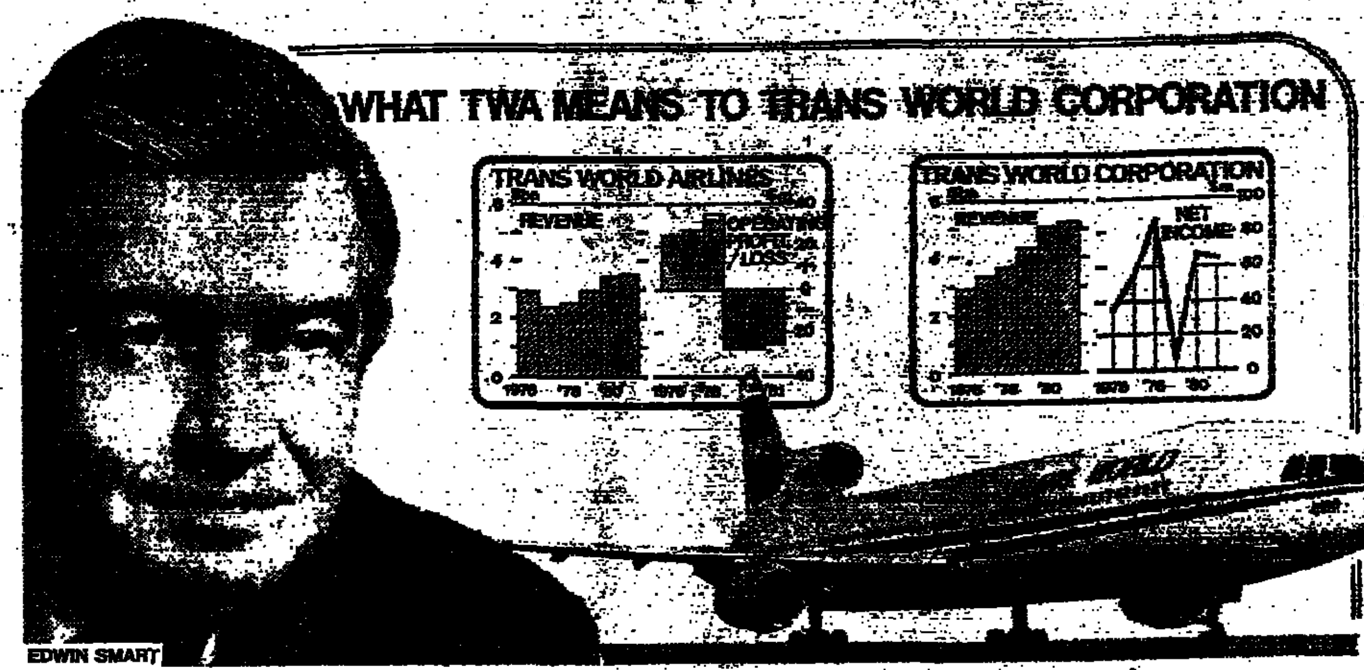
An even more intractable problem for TWA is its seasonal difficulty caused by the fact that its August traffic is roughly 180 per cent of its normal February traffic. In an attempt to increase use of its equipment in winter, TWA piled into the overcrowded Florida market two years ago, helping to cause a fare war and suffering losses as a result.

Effman, whose problem this is, confesses that TWA is running out of ideas on how to solve it, short of trying to break further into the almost equally tight winter sun markets of Mexico and the Caribbean.

But in spite of these well-aired difficulties and the fact that in TWA's view, domestic airline traffic in the U.S. will probably remain in 1982 at the depressed levels of 1981, Trans World looks like a company which has got a grip on the problems which face it. This suggests that in the next cyclical upturn, it should be a very profitable company indeed. Profitability also stands to gain from the demise of Laker Airways and by the gradual softening of the Reagan Administration's stance towards the participation by U.S. airlines in the price-fixing activities of the International Air Transport Authority.

TWA's strategy is obviously not beyond challenge—indeed Eastern, which has been boldly if riskily trying to expand market share through the slump is pursuing a diametrically opposite course—but for the moment it certainly looks like the right one.

Even Ed Smart, an ex-lawyer who cultivates both his sentences and, one guesses, his enthusiasms, with little haste and much precision, sounds like he is encouraged. Maybe, in time, he will even start to believe his airline's own advertising jingle: "You're gonna like us—TWA."



EDWIN SMART

Cut and thrust for business warlords

QUALITY circles, robots and the life-time employment system have all been credited in the West with holding the key to Japan's success in the past few years. Now it seems to be the turn of a seventeenth century swordsman, Miyamoto Musashi, whose book on "strategy" has become a runaway bestseller in the U.S.

Musashi's book, written in a cave in 1645 and translated into English by one of the British Museum's Japanese specialists, has sold 130,000 copies in its American edition, apparently to people who believe that his down-to-earth instructions on how to thrust and parry contain precious clues on ways to drive your competitor out of business. The paperback edition of the book went on sale in Britain yesterday with the publishers confidently predicting another runaway success.

It is no criticism of Musashi (though it may be one of his publishers) to say that a close study of A Book of Five Rings will not enable Western export managers immediately to score smashing successes in the Japanese market, or to parry Japan's invasion of them. In so far as the book's teachings have any direct application outside the world of fencing they seem to be very general indeed and by no means uniquely Japanese.

Musashi places heavy stress, for example, on the importance of timing, and says that in order to win in a fencing match you should try to put yourself in your enemy's shoes. Both these observations could presumably apply in other contexts (including economic ones). But neither seems to justify the claim that a 17th-century fencing master can unlock the secrets of today's "*miraculous*" Japanese economy.

If Musashi has something to offer modern readers who are not themselves expert, or would-be expert, swordsmen, that something is presumably the philosophical framework that underlies his practical hints on fighting. The author makes clear from page one of his short treatise that sword fighting is actually about something much more than polishing off one's enemies. The Way of the Sword (Kendo) is, in Musashi's eyes a form of discipline that can lead its devotees towards a state of enlightenment worth attaining for its own sake. Exactly what this state consists of is not described in the book—except in the single enigmatic paragraph headed "The Void" which forms its final section.

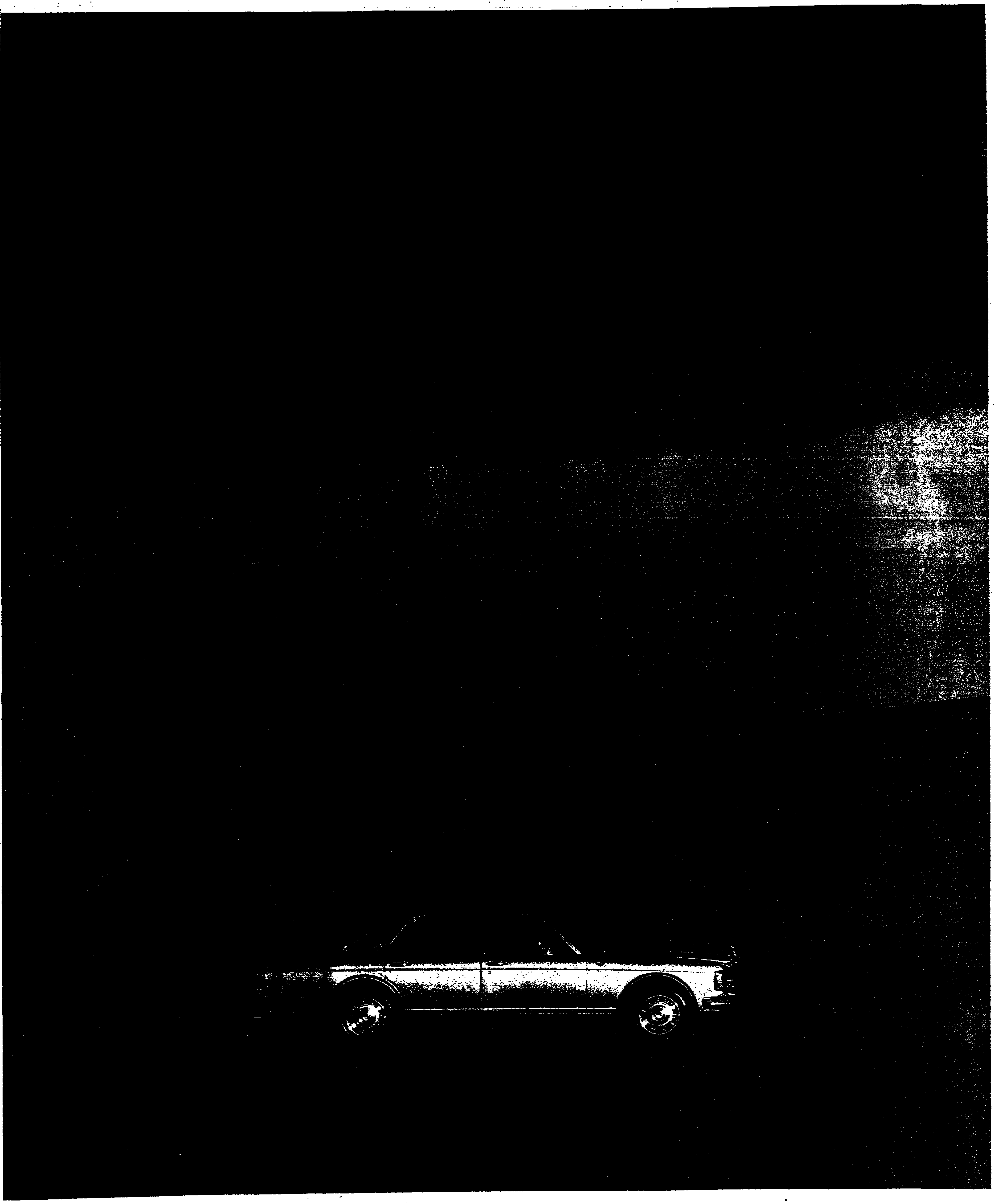
The uselessness of words to describe what Musashi claims to be offering his readers, however, merely proves its value in Japanese eyes. In this sense Musashi's Way of the Sword is like the numerous other Japanese "Ways" that are claimed to raise the moral and spiritual level of people who practise them. The list includes other martial arts such as judo as well as peaceful arts such as calligraphy (Shodo) and the tea ceremony (Sado).

The two levels on which Musashi approaches the subject of how to become a swordsman, one severely practical, the other abstract and idealistic, can be paralleled elsewhere in Japanese life not least in the business world where company presidents often claim a "higher significance" for their actions than mere profit seeking.

Grasping all this is one of the tasks that confront Westerners who try to work with (or even against) the Japanese. It is a task which calls for a good deal more than a two-hour reading of a 17th century treatise on swordsmanship, but even that presumably could help. At least the book provides some insight into the mind of a man whose combination of cruelty, idealism and artistry could probably only *have existed in Japan.*

A Book of Five Rings by Miyamoto Musashi. Allison and Busby, £2.95.

Charles Smith



THE PROPERTY MARKET BY MICHAEL CASSELL

Investment tide hits a peak

THE TIDE of enthusiasm among institutional investors for commercial property swept nearly £2bn of pension fund and insurance company money into the UK property market during 1981.

That tide may well now be on its way out but, according to this week's figures from the Central Statistical Office, it managed to carry the institutions along on the biggest property spending spree yet recorded.

...The CSO figures show that, apart from share acquisitions in property groups, the UK pension funds, insurance companies and unit trusts last year spent £1.95bn on direct property investment, an increase of about £100m on the record 1980 level.

Together with other institutional shoppers for property, the combined total reached £2.2bn against £1.9bn in the previous twelve months.

With most observers now expecting a much more cautious attitude towards property and investment and development during 1982, the CSO statistics indicate that the pace was slowing down in the final months of last year.

During the year as a whole, it appears that the insurance companies invested more in the commercial property sector during 1981 while the pension funds reduced their investment programme. Insurance company investment climbed to £1.07bn against £853m in 1980 but pension fund investment fell from £897m to £757m. Unit trust and property unit trust investment rose from £99m to £125m.

It would be surprising to see the same buoyant investment pattern repeated in 1982. There is unlikely to be any substantial weakening in the funds' desire to purchase prime property when it becomes available or to continue to invest in carefully selected projects.

But narrowing development margins are becoming the order of the day, heightening still further the need for selectivity and at least partially restricting an option which has accounted for a growing proportion of available investment funds.

Jones Lang holds on to poll position

ESTATE agents may, like this column, be sceptical about the value of opinion polls, but there is at least one which tends to get their adrenalin racing.

It is the British estate agents' survey conducted annually by Annual Investment File among the property directors and estate managers of some of the UK's largest companies. This year, over 450 companies made their views known and, as well as offering bouquets and brickbats to individual firms, they tendered a warning for the whole estate agency and surveying profession.

The survey reveals that, for the first time since it was established in 1978, the number of large companies employing estate agents on a permanent basis has fallen. Annual Investment File reckons that while, a year ago, 45 per cent of the country's top 3,000 companies maintained a continuing relationship with one or more agents, the figure has now fallen to just over 30 per cent.

And so to the individual partnerships and their ratings. For the fourth consecutive year, Jones Lang Wootton emerges as the prime choice among respondents, while Hillier Parker May and Rowden move up from third to second place. Third position is now occupied by King and Co., which has steadily moved up the league table.

The remaining top ten positions, dominated by London firms, are—in descending order and with their 1981 positions in brackets—Healey and Baker (4), Weatherall Green and Smith (14), Gerald Eve (19), Richard Ellis (8), St Quintin (11), Eadon Lockwood and Riddle (7) and Fuller Peiser (10). Highest new entry was Lalonde Brothers and Parham from Bristol, which moved in at number 12.

Industrial rents 'set to rise again soon'

ZERO RENTAL growth, rock-bottom demand and acres of empty space in the industrial property sector have not managed to squeeze out every drop of optimism about medium-term prospects.

That, at least, is the conclusion drawn after a visit to the Grosvenor Street offices of Hillier Parker May & Rowden, who clearly believe in thinking positive, irrespective of the present gloom.

The agents have produced, for the first time, a forecast of industrial rents up until the end of 1984 and the results should cheer a few hearts.

According to Hillier Parker, which concedes that its projections might appear optimistic and even—to use its own description—"strange," the worst will soon be over.

The forecast, it should be emphasised, relates to modern industrial property only and it suggests that although rents will continue to stagnate up until the end of 1982 (they will rise by just over 7 per cent in the year up to this November) they will recover slowly through 1983 and 1984.

The prospect, according to Hillier Parker, is for industrial rents in current prices to rise at an annualised rate of about 12 per cent over the three years from last November to the end of 1984, implying real but modest rates of growth next year and in the following 12 months.

Such a performance, if it materialises, will still however only return rents—after adjustment for inflation—to their May 1981 levels. They would remain below those being achieved during the previous market peak of 1979 and stay even further below the long-term high of 1974.

Hillier Parker says its optimism is based on the prospects for improvements in manufacturing output and productivity, allied to the present decline in new industrial buildings, which it believes could lead to a relative shortage of new space and the potential demand from those sectors of industry more resilient to the impact of the recession and "more willing to pay for good quality accomodation."

There must be a suspicion, however, that the time-scale for revival could be substantially longer than Hillier Parker suggests, with the overhang of space (even when it comes to modern, efficient accommodation) capable of holding back any real improvement in rents even if demand picks up.

As for the older space: ideas please on the back of a second-class stamp.

Grosvenor builds in Bournemouth

GROSVENOR Estate Commercial Developments will next year start construction of a £10m shopping complex in Bournemouth town centre.

The property company has now acquired the site of the former Hants and Dorset Bus station in The Square, Bournemouth. The development will extend the town's existing shopping centre towards the new Conference Centre, now under construction.

The retail scheme will take 2½ years to build and will provide 100,000 sq ft of retail space including restaurants. Edward Erdman and Fox and Sons are joint letting agents.

● Centrovincial Estates is understood to have paid a figure approaching £4.5m for Northwest House, a 35,900 sq ft office block in London's Marylebone Road. The building was sold by limited tender for clients of St Quintin. An asking price of more than £3.8m was sought.

Centrovincial, which was advised by Pepper Angliss and Yarwood, intends to extensively refurbish the building to provide an office block of 45,000 sq ft.

● Norwich City Council and the Carroll Group are to jointly develop a £15m business park for the Bowthorpe employment area. The phased scheme will provide 450,000 sq ft on 24 acres over an eight-year period.

Rohan steps into controversial scheme

ROHAN GROUP appears to have stepped on a few tender toes with its last-minute entry into an already controversial planning wrangle in Eastleigh, Hampshire.

The Irish-based developers are proposing a £25m redevelopment in the town centre, but they are not alone in nurturing such ambitions.

Existing plans to redevelop the centre by Taylor Woodrow and Sam Chippindale, the former Town & City man, have been around for some time and have been hit by lengthy delays. Problems have arisen in the form of objections to land acquisition by the local council and a public inquiry into their compulsory purchase orders is due to start on June 8.

It is somewhat surprising, therefore, that Rohan should have stepped in at this late stage with its own plans for a 300,000 sq ft development. Taylor Woodrow's scheme, which is supported by the local authority, calls for a 400,000 sq ft development on the same seven-acre site.

Rohan believes that it may have stolen a march by provisionally agreeing terms to acquire two strategic parcels of land at the eastern end of the site. These are each of about one acre and are occupied by the Co-op and Peter Green, a furniture showroom.

Both stores have opposed compulsory purchase orders by the local authority which has been assembling land in support of the Taylor Woodrow/Chippindale scheme.

Rohan, which claims to have wide support from existing retailers in the area, says its scheme is less expensive and extravagant than is the Taylor Woodrow/Chippindale plan.

Taylor Woodrow, however, refutes suggestions that its plans may prove more expensive and believes it will be able to attract a premium from retailers seeking to occupy a first class scheme. On this basis net costs might work out the same, or even cheaper than the Rohan scheme, says Taylor Woodrow.

The joint venture partnership, Taylor Woodrow/Sam Chippindale, was formed only a couple of years ago. It looked an ideal marriage, with the financial muscle of Taylor Woodrow combining with the experience of Chippindale, who pioneered the concept of covered shopping complexes in Britain through his Arndale centres.

The partnership, however, has been dogged by ill-fortune. It has so far taken on board four major retail schemes. Of these, a town centre development at Leicester has been scrapped. The other three schemes at Portsmouth, Rotherham and Eastleigh have been subject to lengthy delays because of the retail recession and planning problems.

ANDREW TAYLOR

A FINANCIAL TIMES SURVEY

INTERNATIONAL PROPERTY

FRIDAY 4th JUNE 1982

The Financial Times proposes to publish a Survey on International Property. The following topics and countries will be discussed.

WORLD RENTAL LEVELS	AUSTRALIA
THE UNITED KINGDOM	JAPAN
THE UNITED STATES (a) New York; (b) Los Angeles; (c) Chicago; (d) Houston	FRANCE
	WEST GERMANY
	BELGIUM
CANADA	HOLLAND
THE FAR EAST (a) Hong Kong; (b) Singapore; (c) Indonesia	SPAIN
	REPUBLIC OF IRELAND

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FINANCIAL TIMES
EUROPE'S BUSINESS NEWSPAPER

The content, size and publication dates of Surveys in the Financial Times are subject to change at the discretion of the Editor

APPOINTMENTS

Senior position at Thorn EMI

Mr P. A. D. (Paddy) Duffell has been appointed international director of THORN EMI. He succeeds Mr C. Warner who is retiring. Mr Duffell recently returned from Australia where he was managing director of EMI (Australia). Before going to Australia in 1979 he was group overseas director of EMI.

*

Mr L. Dobson, a non-executive director, has retired from the board of McKECHNIE BROTHERS.

*

Mr R. D. E. Lovell will be joining the partnership of E. B. SAVORY, MILLN AND CO., stockbrokers, on May 1.

*

MORGAN GRENFELL is making the following appointments on May 1. Mr J. S. S. Syrett will become a director of Morgan Grenfell International. Mr K. K. Ford and Mr E. Kang are appointed assistant directors of Morgan Grenfell & Co.

*

BROWN SHIPLEY INSURANCE SERVICES has appointed Mr R. W. Thrower as deputy managing director of Holmwoods & Crawfurd (Marine & International).

*

Mr Nicholas Gordon-Brown has been appointed a director of LLOYD-HUGHES ASSOCIATES.

Mr J. W. Dalman, property manager of BRITANNIC ASSURANCE is retiring on June 4. Mr C. G. Raine, assistant property manager, will succeed him as property manager on June 7.

*

Mr John E. Grandidge has been appointed deputy chairman of WESTERN SCIENTIFIC INSTRUMENTS. Mr Grandidge, who is chairman and managing director of Negretti & Zambra (Aviation), has also been appointed chairman and managing director of Negretti & Zambra. Both these N & Z companies are direct subsidiaries of Western Scientific. The overseas activities of Negretti & Zambra are being transfered to Western Scientific International, the group's marketing subsidiary. Mr Malcolm Malir, a member of the parent board, will be the managing director of this subsidiary. Mr David Bailey becomes finance director of the group board. Mr Terence J. Adams, finance director of Negretti & Zambra (Aviation), has also been appointed to the board of Western Scientific Instruments.

*

Mr Hugh Gillespie, regional director of Hill Samuel & Co., based in Leeds, has been appointed to the board of CAMREX (HOLDINGS) as a non-executive director.

CONTRACTS

£1m computer system order for Burroughs

In an order valued at more than £1m BURROUGHS MACHINES is to install a nine megabyte dual processor B6900 large-scale computer system at the Woking headquarters of BAT (UK and Export). As the culmination of the first phase of BAT's integrated computer networking system, the B6900 will replace a number of smaller computer systems. BAT's two factories, three warehouses and London offices will be linked to the B6900. VDU terminals in every department and 100 hand-held microcomputers—used by the sales representatives for direct order entry—will also be linked to the B6900.

*

TELEFUSION CONTRACTS division has won a contract worth £1.6m from the Department of Transport, traffic control and communications division to design, manufacture, install and maintain for ten years a fibre optics based television surveillance system on a new 13 km section of the M25 motorway. The system is expected to be completed early in 1984.

KENT PROCESS CONTROL, a Brown Boveri Kent company, has won orders worth more than £1m to supply measurement and control equipment for a new vitamin C plant and associated power station being built for the pharmaceuticals company Roche Products at Dalry, Ayrshire. The major part of the contract covers a total of 70 metres of control panels for a number of main control centres in the Vitamin C plant. Equipped with more than 800 indicator controllers and other instruments from the Kent P3000 range of pneumatic equipment, plus other indicators and recorders, they will provide comprehensive control of the process plant.

*

An order worth more than £128,000 has been placed with JOHNSON MATTHEY EQUIPMENT for hydrogen generation equipment of Ipari Szerelveny-es-Gepgyar, a tungsten carbide plant in Budapest, Hungary. The order is for a G30 hydrogen generator together with methanol/water fuel mixing systems and spares.

SHOPS AND OFFICES

CENTRAL WATFORD—New office development—prestige suites of 3,000 sq. ft. available 1984—Gordon Hudson & Co., Watford 39711.

COVENT GARDEN, WC2 — Refurbished self-contained bldg. Shop & Office 5,220 sq. ft. approx. New leases. Superb position Long Acre adj. Tube. Ring joint sole agents for details. Sweby Cowan McGlashan 01-379 3436. Anthony Hardacre & Co. 01-580 5176.

OFFICES TO LET

NO LEGAL COSTS OR FEES. Same day occupation of luxury furn. & serv. offices with all amenities throughout Central London and City. SPACEBANK 01-734 5043.

FACTORIES AND WAREHOUSES

POYLE, Blackthorn Road. Two new Factories. 29,000 sq ft and 26,000 sq ft or one unit 55,000. To Let. Jones Lang Wootton, 103 Mount Street, London W1Y 6AS. 01-493 6040. Emmitt Rathbone, Commercial, 15 Clarence Street, Staines. 0784 59321.

INVESTMENTS FOR SALE

FLORIDA—Gulf of Mexico Beach Front. Investment of $180,000 to yield $80,000 nett yearly. J. Arthurs, FSVA. 94, Davigdor Road, Hove, Sussex. (0273) 555479.

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INTERNATIONAL PROPERTY

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THE ARTS

Cinema

Penury and venery

by NIGEL ANDREWS

Christ Stopped at Eboli (A) Camden Plaza
La Ronde (A) Barbican
Women Live National Film Theatre
Butterfly (X) Prince Charles
Countryman (AA) Classic Oxford Street, Coronet Notting Hill, Ace Brixton

Gnarled skeleton trees and weeping skies: peasant faces like wrinkled old apples: barking dogs, howling winds and scurrying crows. Francesco Rosi's *Christ Stopped at Eboli* is set in bleakest Lucania, Southern Italy a rocky wilderness of hilltop villages and is as brilliantly fine-tuned to the spirit-of-place as any film I have seen.

Gaunt and God-forsaken—hence the title of the movie and of Carlo Levi's autobiographical book on which it's based (Eboli is the last outpost of civilisation in the journey southward and inland)—Lucania is also gruesomely beautiful: its villages and tumbledown topography of ruined *chiesas*, corkscrew streets and permanent landslide. Rosi sees the beauty too, but his film is about the suffering of the people inside the landscape: the pain and penury under the stretched skin, the self-destructive superstitions under the peasant's timeless stoicism.

Levi's book appeared in 1947 and it records diary-like his stay in Gagliano, a remote mountain village where he was "exiled" as a political prisoner between 1935 and 1937. Levi came to Lucania as a painter, an anti-Fascist and a qualified though non-practising doctor. Once drawn into the life of the illness-plagued village, though, where dubious quacks administered to doubting peasants, he unpacked his skills and laid about him bravely with stethoscope and quinine.

Gian-Maria Volonte, grey-locked and wolfish-handsome, sloughs his usual human volcano persona (of *The Mattei Affair*, *A Fistful of Dollars*) to play Levi with a superbly shaded, banked and brooding presence. Around this solid centre Rosi splits the film into genre picture fragments as beautifully jagged as the stone walls and sheer crazy streets of the village. Characters erupt into the story as if breaking fresh from the egg of place and time: the cloaked and dotty village priest (François Simon) who rides a donkey and rails against Il Duce; the courtly, portly Fascist mayor (Paolo Bonacelli); the eccentric Barone (Alain Cuny); the black-eyed and superstitious housekeeper (Irene Papas) who cleans Levi's floors, scrubs his back and laves him with local folklore and mysticism.

Rosi used to make films that were like mad escaped jigsaws (*Salvatore Giuliano*, *Lucky Luciano*). They chopped up time and place with dervish scissorwork and had a virtuosity part artistic, part acrostic. *Christ Stopped at Eboli* has its own and wholly different brilliance: a Rembrandt-like humanity dunked in glowing earth colours, a magical alertness to sounds (from cicadas buzzing in a hot noon to the purring winds across the village square) and long, rolling tracking shots that sweep his characters into an elemental, all-embracing fresco. The film dwells in the shadow-line between primitivism and progress, the Middle Ages and the 20th Century, and it's an exquisite fugal conversation between two worlds.

*

With *La Ronde* waltzing screenward in the same week London is embarrassed with riches. Arthur Schnitzler's newly reborn play has already scattered its chain-linked Viennese couples—the prostitute who meets the soldier who meets the maid who meets the student—across a clutch of new productions, on stage and TV. Now it's the turn of Max Ophuls's 1950 film to make its return bow, after 20 years of unavailability, and to blithely outshine them all.

The first thing you can hardly believe about this astonishing film is the cast: Simone Signoret, Gerard Philipe, Danielle Darrieux, Jean-Louis Barrault, Simone Simon . . . Every major and minor legend of French acting has stepped off his or her pedestal to foot it nimbly through Schnitzler's daisy-chain of encounters between the sexes, with wry conversational bandyings about love, lust and loss on the side.

The second thing you can hardly believe about *La Ronde* is Ophuls' camerawork: its velvet-smooth, delirious windings through jungle pathways of Viennese studio-baroque settings. Anton Walbrook, in moustache, opera-cloak and rakish topper, rises up between each vignette as our Emcee, suavely cranking a fairground carousel and warbling the waltz song theme. Thereafter the camera glides into the next tête-à-tête; purring through glass-traceried cafés and restaurants, floating into boudoirs and bedrooms awash with drapes and veils. And "outside"—in studio park or garden—trees, trellises, statues and every known rococo gesticulation of form blur gorgeously past the camera in foreground arabesque.

Irene Papas as "a superstitious housekeeper" in Christ Stopped at Eboli

Whenever the mixture menaces us as being too cloying, Ophuls gives a cheerful gash to the robe of illusion. A clapper-board or an arc lamp or a camera slyly pops up into frame. Or the choric carousel is allowed to wheeze to a halt with a gust of steam, when amorous breakdown occurs with a young man's brief bedroom incapacity.

The film is a triumph of wit and a miracle of inventive style purposefully applied. And with prime French thespians flexing every muscle of ironic *galanteric*, you won't see better performances however many stage revivals you march along to to mark your card.

At the National Film Theatre the merry month of May is entirely overrun by feminism. "Women Live," a marathon sit-in, speak-in, watch-in, drop-in spreads its largesse of films and lectures and seminars across four weeks and two auditoriums.

Pegging its subsection programmes to such consciousness-raising topics as Women Filmmakers from the Third World, Ida Lupino and "The Cheapness of Writing Paper" (". . . is of course" said Virginia Woolf in 1931, "the reason why women have succeeded as writers before they have succeeded in other professions"), the season will leave you either exhilarated or dead. Those of uncertain stamina may opt to take a stab at selected highlights.

Helma Sanders-Brahm's superb films are commemorated in a special season, May 4 to 9; (see *Shirin's Wedding* and *Germany, Pale Mother* if you haven't). Women's contributions in the craftsperson echelons of movie art are justly celebrated: Thelma Schoonmaker's editing is one of the major marvels of *Raging Bull* (May 31), and Toby Rafelson's production designs are ditto in *Melvin and Howard* and *Alice Doesn't Live Here Any More* (both May 22). And show me a man who claims he could have directed films about women as nuanced and perceptive as *Two Girls* (*Soumitra Pergies*, Sri Lanka, showing May 20) or *Maternale* (Giovanna Gagliardo, Italy, showing May 23) and I will show you an MCP imposter.

Just to prove that women are still cherished for their contours more than their concepts in some quarters of Moviedom, the week yields *Butterfly*. Pia Zadora, an hour-glass nymphet in deepest Death Valley, smirks through this paraplegic version of a James M. Cain story about love and father complexes. Stacy Keach is her man—all heavy breathing and hairy chest—and Orson Welles, Stuart Whitman and Lois Nettleton look and behave deeply at sea in the supporting cast.

Countryman is better, if only by a mellifluous earful of reggae music. Caribbean islands, black dictators, Rastafarian fisherfolk. Silly and overlong, but tuneful.

Lyric

Summit Conference

The Glasgow Citizens, which under Giles Havergal has been the most individual and exciting theatre in Britain over the last ten years, has suddenly burst excitingly upon a dour and defeatist West End.

Robert David MacDonald's wonderful political comedy, first seen four years ago in Glasgow, could not be more welcome. The particular triumph of this occasion lies in the casting of two stylish box office draws — Glenda Jackson and Georgina Hale — in a piece that still comes across as an unmistakeable Glasgow product.

Jackson and Hale play Eva Braun and Clara Petacci, mistresses of Hitler and Mussolini, holed up in a room at the Berlin Chancellery in 1941, shortly before Hitler decides to invade Russia. The two dictators are carving up the world while their ladies discuss their sexual status, Hollywood movies and popular music.

The model is clearly Coward's *Fallen Angels* (it is openly acknowledged in a throwaway line, of which there are many). Whereas, in Coward, Jane and Julia close in on the attractive Frenchman while their husbands are absent on a golfing holiday, the fun for Eva and Clara is provided by a taciturn SS guard who is gradually drawn into their cocktail chatter.

Mr MacDonald develops the blueprint to say serious and pertinent things about power lust and nationalistic endeavour. Eva and Clara almost imperceptibly become totems of their respective regimes while, in a stunning second act switch, the officer (beautifully played by Gary Oldman) takes on the role of persecuted minority. He is the voice of the Falkland Islands, if you like.

The conspiratorial relationship of Eva and Clara is sealed with a kiss and a red Olym[pic] flame flares from a bowl o[n a] huge pedestal. An air raid [is] the soldier's cue for a spee[ch]... the key speech, delivered in ... aftermath of a bone-shak[ing] explosion and controlled clo[ud] of dust falling from the ro[of].

All of these effects are m[an]aged with controlled virtuos[ity]. The same is true of the f[emale] leads. Jackson plays Eva a[s a] flat-vowelled provincial w[ith] cinematic fantasies, an idea s[up]ported visually by her chi[ffon] dress, cut on the cross, ... Scarlett O'Hara floppy [hat]. Hale sports a bottom-hugg[ing] diamante-studded black c[ock]tail number and all but st[eals] the show with her sly wig[gles] and high kicks around stage bits of the day. After *Steam[ing]* it is gratifying to see ... actress find a role and a p[lay] that makes of her clipped wh[ine] a positive virtue. The partn[er]ship is electric.

MICHAEL COVEN[EY]

Sadler's Wells

The Grand Duchess

With *The Gypsy Princess*, and now with a new production (sponsored by the National Westminster Bank) of Offenbach's *Grand Duchess of Gerolstein*, planned to run regularly until May 8, the Sadler's Wells management happily persists in its determination to provide a regular supply of operetta in London. *The Grand Duchess* is a piece of vintage Offenbach, almost reaching the level—Offenbach's highest—of mirth, anarchy, and musical delight set by *Belle Hélène* and *Orpheus*. If the elements of musical parody and social comment in lunatic (and sometimes savagely witty) combination are here less strongly in evidence, the score bursts with good things decked out in madcap profusion, and the satire retains an immediate topicality now somewhat disguised (if by no means lost) in the cod-classical operettas.

Almost *too* immediate, indeed, given the situation of small nations going to futile wars led by General Boum and Baron Puck, and a female ruler whose highest passion is for *les militaires*; and when, after the overture, Michael Rippon led a band of Gerolstein soldiers through the auditorium onto the stage and began to address the audience in mock-hortatory flourish (and in a speech not by Meilhac and Halévy, Offenbach's librettists), one feared that throughout the evening easy capital was to be made of easy parallels broadly drawn. Mercifully, this does not happen; and the only encouragement to stray thoughts of this kind comes in the gentlest way, from Peter Rice's setting of the piece in Euro-Edwardian dress and design — the nonsense of war becomes an allusion appreciable from more than one viewpoint.

This is, indeed, an attractive kind of Offenbach in English (Geoffrey Dunn's mostly well-considered translation), free of the slapstick and end-of-pier farcical coarsenings into which *British Offenbachians* are often led in their search for a suitable performing style. The piece is handily cast and truly sung; by the small orchestra the Catherine-wheel sparkle of the scoring is briskly set off. All the same, there seemed to hang over much of Wednesday's performance an air of tameness —better than vulgarity, certainly—that kept the scabrous suggestions of the piece, the inner disturbance that should properly colour one's Offenbach enjoyment, safely under wraps. Something of this resulted from pretty and ingenious sets that cramp the stage—when the cast sways into bouncy routine, the workable area is squeezed tight (and in Act 2 props got knocked over). Tameness was also felt at big moments, which the producer Malcolm Fraser had not quite drawn in bold, clear lines. The comedy of ... Grand Duchess's entrance ... was a minor casualty.

In both Ann Howard's spl[endid]ly statuesque Grand Duch[ess], and Barry Wordsworth's ve[ry] musicianly conducting, the sa[me] slight disparity between eff[ort] and achievement could [be] sensed. Miss Howard takes t[he] stage so handsomely, and ... timbre of her voice remains ... individual (rich and sha[rp-]edged at once), that the want ... the fullest intimations of s[ex]ual drives and desires is h[ard] to explain—her best numb[er] "Dites-lui," passes by ligh[tly] ... not captivatingly. The cond[uctor] ... appears at times to conf[use] fast speed with high comed[y] ... the Regimental Song is o[nly] one of several numbers t[o] gain from a steadier and m[ore] insinuating tread.

I don't want to make t[oo] much of these criticisms, ... minor accidents and the m[ild] cloudiness that marked Wedn[es]day's performance are bou[nd] to clear and come right; a[nd] there are already enjoyab[le] pieces of business to ... savoured in plenty from Ram[on] Remedios as Fritz (his dicti[on] in song slipping swif[tly] into unintelligibility), Laure[en] Livingstone's ingenue, a[nd] especially Tudor Davies as t[he] Duchess's ineffectual sui[tor] Paul. The score is cut, si[ns]ibly but not drastically; wi[th] remains, and the way it ... given, is sufficient

MAX LOPPE[RT]

Purcell Room

Messiaen

by ANDREW CLEMENTS

Philip Mead ended his ramble through Messiaen's *Catalogue d'oiseaux* in the Purcell Room with a work that stands apart from the main sequence of pieces, but nevertheless belongs very much with them. *La Fauvette des jardins* was written in 1970, and works upon the same raw materials as the earlier sequence; indeed, all of the birdsongs used with the single exception of the call of the Black Kite, are quoted somewhere or other in the 13 pieces. *La Fauvette* is conceived on the large-scale of the central piece in the *Catalogue*, "La Rousserolle effarvatte," lasting almost half an hour and built up as a sound picture around the clock from dawn to dusk. It differs only in one noticeable respect: common chords are used frequently, and after the orgy of added sixths throughout the *Catalogue* the effect is almost chaste.

Of the *Catalogue*, Mr Mead on Wednesday gave the fifth, sixth, and seventh books, consisting of two, one and three pieces respectively. The sequence was a vivid series of impressions; only the first piece of the evening, "L'Alouette calandrelle" was less than totally successful, for its jangle of lark songs is insufficiently distinguishable (the fault of evolution rather than Messiaen's) to make a crisp structure. The haunted, supernatural quality of "Le Merle de roche" with its "cortege of stone phantoms, carrying a dead woman," and the bleak coastal portrait of the final "Le Courlis cendré" must belong among Messiaen's finest works for piano.

To all of this Mr Mead was a faithful, not so say literal guide. Technical difficulty clearly holds no terrors for him; the most complex piano writing was negotiated with complete composure. Yet this composure gave a blandness to some of the music which was its undoing: the silences in "Merle de roche" lost their menace and the explosive songs of "La Bouscarle" were toned down. In the more abandoned sections of "Le Traquet rieur" (the Black Wheatear and not as Mr Mead's programme note claimed, the Black-eared Wheatear, which is the "Traquet Stapazin" of book two) and the closing pages of "Le Courlis" he seemed to gain in interpretative confidence; enough to suggest that he will go on to give more interesting and exciting performances of these fascinating pieces in future recitals.

Joan Greenwood for Dame Celia role

Joan Greenwood is to take over Dame Celia Johnson's role in *The Understanding* by Angela Huth at the Strand Theatre.

Dame Celia died last weekend and this week's opening night was postponed. Miss Greenwood, playing opposite Sir Ralph Richardson, will give her first preview performance on May 7, with the opening night now fixed for May 11.

ICA

Can't Sit Still

Wendy and the other little *Darlings* could fly like birds to Neverland. Today's kids need a spot of help to give them a lift, be it glue, rock, punk, or a short flurry in crime. Pip Simmon's new musical show draws on both worlds. A distorted J. M. Barrie offers the narrative, via an aggressive Pan figure who kidnaps the children, while modern rebels set the mood, musically, visually and linguistically with unmistakably contemporary pearls like "it's time to leave this shit behind." Some of the pearls get lost under the heavy amplification, though noise is of the essence in this angry shout from the young generation against its stuffy, authoritarian *parents*.

The Peter Pan parallel is an intriguing idea, but the venture attempts too much and does nothing very well. Social comment, rock opera, fairy tale, domestic comedy, none of these quite convinces, and the 90 minute journey from infancy to adulthood grows progressively repetitive.

The opening offers hopes which it never fulfills. Hefty adults lumber comically around an imaginary nursery against heavy back up from guitar, bass, drums and keyboard. Chris Jordan's score is initially punchy and aggressive and effectively counterpoints the childish awkwardness implicit in the number "Can't Sit Still."

Awkwardness swells to disillusion and rebellion, but the causes are given perfunctory treatment, the characters are faintly etched. This may be the obverse of naturalistic theatre, but the confusion of methods fails to create any coherent flavour. Songs provide the backbone and the best of these is a well-produced atmospheric piece involving the cast of six, "Short, sharp, shock." Bill Ward who plays the errant youth Kevin, doubles as nicely as guitarist, and Peter Jonfield is a powerful and menacing delinquent. Pip Simmons' direction evinces unmistakable attention to detail, but none of this can compensate for a fundamental lack of anything very original or exciting in the raw material.

ROSALIND CARNE

Coliseum

Evelyne Desutter

Festival Ballet opened a spring season this week with Nureyev's version of *The Sleeping Beauty*. It is a production in which the imaginatively fine —the sense of a real court implicit in Georgiadis' designs with their muted glow of silver and gold; Nureyev's respect for the ballet's essential conflict of good and evil, and his feeling for noble behaviour—goes side by side with the unimaginatively tiresome, which means the emendations and perversions of the Petipa text. It demands, and received on Wednesday, two admirable central performances in the interpretations of Aurora and Florimund by Evelyne Desutter and Jay Jolley.

Mlle Desutter is an exquisite dancer, in technique and style. With her beautiful, fine-drawn physique, and the tremendous resources given by her French schooling (she is a pupil of the Opera, and of Vyrubova and Chauvré: one cannot ask for more), she brings to Aurora a sense of gentle aristocracy which warms, as the ballet's action progresses, into radiant authority. Very lovely her lightness, the quick sweep of limb, a certain gravity of demeanour, and the vivid musical response with which she united choreography and score.

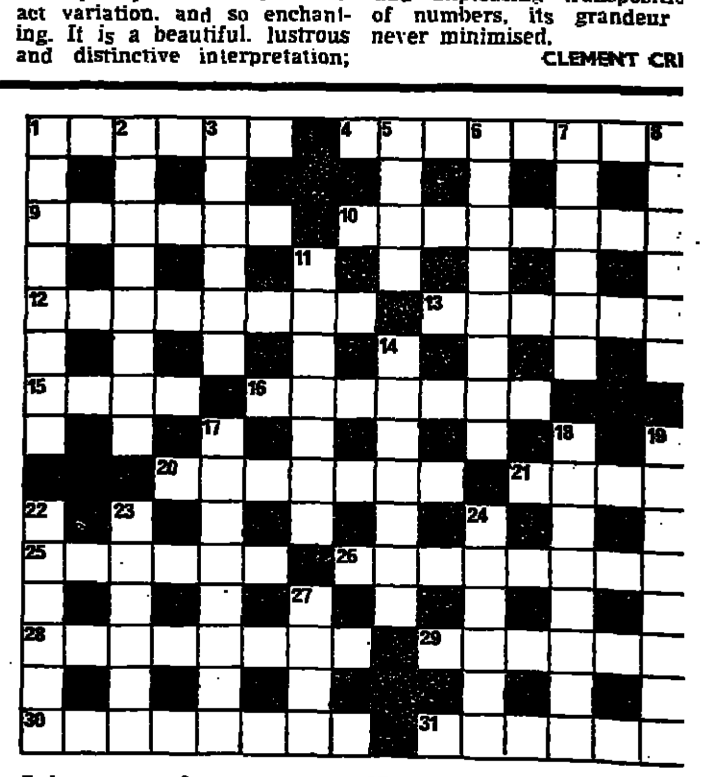
At times the dance appears to float gently above the stage —how different from our English Auroras who sink into the role and the steps—so imponderable, and so quickly accented is Mlle Desutter's manner. At every moment the character is understood, technically and dramatically: not since Chauvré's amazing début with the Royal Ballet have I seen an Aurora so sweetly coquettish in the first-act variation, and so enchanting. It is a beautiful, lustrous and distinctive interpretation; lyrical, light in texture, noble not to be missed.

In Jay Jolley we have a Flo[rimund] able to accept the p[rince's dif]fuse and exhibitionistic capr[ices] which Nureyev has set in t[he] Vision Scene, and make som[e]thing honest and elegant ... them, as he does of the re[st] itself. He is a Prince of dir[ect] emotions, directly express[ed] and of tireless resource in de[al]ing with the litter of variatio[ns] which make the second ... bulge at the seams. There is sincerity and eagerness in ... feeling for Aurora, and a cl[ear] line and bright technique ... the dancing, which give t[he] character a real allure.

For the rest, Festival's arti[sts] work with a will; under Grah[am] Bond the score is allowed ... breathe, and despite some cr[ude] and unpleasing transpositio[ns] of numbers, its grandeur ... never minimised.

CLEMENT CRI[SP]

F.T. CROSSWORD PUZZLE No. 4,860



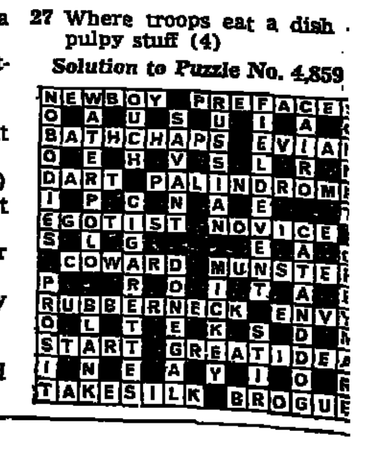
ACROSS

1 Prepare soldiers to cook the Swordfish (6)
4 Desire to cleanse in something that's of poor quality (4-4)
9 Aloof in manner owing to sea-food (6)
10 Learn about article from hide (8)
12 Insult embracing French article involving English port (8)
13 Game to complain about (6)
15 Unusual cure for an off-white colour (4)
16 A source of great heat from vessel in front (7)
20 Dissolute person getting away with illicit pecuniary share (4-3)
21 Commotion in prison the prisoners say (4)
25 A mark qualified by bowling and popping (6)
26 Instructed to follow in an exploit (8)
28 A soldier to manoeuvre (8)
29 Game on board making explosive sound (6)
30 Written composition or article to sit back with in a tree (8)
31 Bean feast I left (6)

DOWN

1 Perform or walk for a thick slice of bread (8)
2 Concerning excellent railway and wherefrom it may get its fuel (8)
3 Biblical cony or fool in hazard (6)
5 Make a note of likewise (4)
6 Performance by a conjurer—three times? (3, 5)
7 A means of access to a meeting-place (6)
8 Keep back the last in Scotland (6)
11 Yelled out in outhouse (7)
14 One who smells a light extinguisher (7)
17 Fish I catch in a basket (8)
18 Resolute person from last war starts training (8)
19 Goad one northern girl for squandering (8)
22 Manner of speaking that may be grave or acute (6)
23 Measure an association (6)
24 Father taking part in word of honour (6)
27 Where troops eat a dish . . . pulpy stuff (4)

Solution to Puzzle No. 4,859



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Friday April 30 1982

A Japanese door opens

EVEN IN Japan miracles are becoming harder to perform. The real growth rate of GNP in the 1960s was 11 per cent a year. In 1970-81 it was down to 6 per cent. Now the soothsayers of the Economic Planning Agency (EPA) of the Japanese Government are forecasting 4 per cent for the rest of the century.

By the standards of the older industrialised countries that is still a very good trend line. But it no longer is sky high. The EPA document has yet to be published, so we do not know where the main sources of growth are expected to lie. But it would be surprising were they not to be in the areas of advanced technology and of export markets.

The rest of the industrialised world must be prepared for a continuing onslaught from its Japanese competitors. The experience is bound to be painful, but need not be disastrous, provided the challenge to match Japanese efficiency is picked up.

Appreciation

As we have often argued, protectionism is not the road to that objective. Even the increasingly frequent self-restraint agreements entered into by Japanese exporters ought to be no more than temporary stop gaps to meet acute crises.

As has long been recognised, part of the answer—but only a part of it—lies in a more generous opening of Japanese markets to imported goods. The authorities in Tokyo themselves have shown some appreciation of that fact. They have cast about for means of import promotion, though it has never been easy to know how much value to attach to these efforts and promises.

It is therefore wise to look sceptically at this week's proposals from the Keidanren, the Japanese Federation of Economic Organisations, for a more liberal attitude to imports. Officials of that powerful body themselves appear to harbour some doubts as to how readily the Government will fall in with their plans. They also said that they would return to the charge if necessary.

The Keidanren proposals are for phasing out what is left of the import quota system, and for some lowering of tariffs. More important, the Keidanren called for a simplification of the notoriously complicated import approvals procedure which is generally regarded as the most serious non-tariff barrier.

If the Keidanren, or rather its individual members, really do mean business, the significance of the proposals extends beyond such measures. Nothing could advance the cause of exporters to Japan more than an increased willingness of Japanese industry and its big trading companies to look more favourably upon foreign products.

Japan is coming up against the fact that trade cannot be a one way street. A bankrupt customer ceases to be a customer. That realisation seems to be spreading in Japan.

Improbable

But far deeper influences may be at work. It would be against all the lessons of history to assume that the Japanese "miracle"—if miracle it be—must go on forever. Consensus and company loyalty are far more deeply embedded in Japanese society than in any American or European society. But it seems intrinsically improbable that Japan will forever remain immune to the forces that industrialisation has released elsewhere.

That need not take the form of worsening labour relations. But unless one assumes that peoples have unchanging national characteristics, pressures will increase in Japan, as elsewhere, for more leisure and for rising private consumption. Once consumers demand a greater share in the national cake there has to be an impact upon the savings quota, which is extremely high in Japan; on imports; on exports; or on all three.

Proficiency

The increasing inclination of Japanese industry to transfer some of its production into the newly industrialised countries of Asia may signify that the process has already gone further than is immediately apparent from Japanese trade surpluses. Yet it would be foolish to bank on it in anything but the very long run. If Europe and America cannot pull themselves together to match Japanese industrial proficiency, they will continue to suffer defeats in world markets and may not even be able to take advantage of a more liberal Japanese import regime, once it comes.

Prescription for electronics

THE NOTION of a positive industrial policy, involving selective government support for specific industries, products and companies, is still very much alive in the UK. It is based on the belief that such policies have been successfully used by other countries, notably France and Japan, to improve their industrial performance. The National Economic Development Office is a strong advocate of these ideas, which form the central theme in a report just issued by the Economic Development Committee for the electronics industry.

The report argues that UK manufacturers, unlike the Japanese, have "failed to exploit the advantages of volume production through the achievement of significant shares of world markets." The industry is spread too thinly over too wide a range of technologies and products; the report recommends a concentration of resources on selected business areas, including information technology systems and related high-volume products.

As a stimulus to thinking and planning within companies, the report should serve a useful purpose. As a prescription, it is rather more questionable. The aim set out in the document is to develop a planning system in which industry (including trade unions) and government can work together to build up the international competitive position of British electronics companies. The guiding principle is selectivity — to harness the efforts of public and private sectors behind selected companies and products.

Priority

Public procurement, for example, should be used to support "specific products and technologies which both government and industry consider to be of strategic importance." Government support for research and development should be brought under more unified control; priority should be given to "firms where R and D funds are most likely to be fully exploited in international markets in the light of the firms' past record." Broad-based sectoral aid schemes under the Industry Acts are inappropriate "because of the even-handed application of the funds." "Single market leaders" should be identified and future government assistance schemes should take the form of individual project funds.

The stress on selectivity extends to inward investment. Assistance to potential foreign investors should be directed towards filling gaps in the country's product range, in return for "specific and binding agreements relating to component content and exports."

Prospects

Like so much discussion of industrial policy, the report relies too heavily on misleading comparisons with foreign countries and fails to draw the right lessons from the UK's past experience. There is no evidence that tripartite official committees are better placed than individual companies to select products and technologies with the best growth prospects. The record of agencies such as the Industrial Reorganisation Corporation and the National Enterprise Board does not inspire much confidence in a policy of selective intervention. Even in France, where the government-industry "interface" is well-established, the results of sectoral planning and selective intervention are patchy at best.

Our strong preference is for general, rather than discriminatory, policies to encourage research, innovation and entrepreneurial effort: in electronics, especially, there are ample opportunities for small, dynamic companies of which there are some encouraging examples in the UK and which are unlikely to emerge as a result of sectoral planning. Yet the philosophy underlying the EDC report has wide support—in parts of industry, among civil servants and even among ministers. Because this approach sits uneasily with the Government's belief in market forces, policy towards industry tends to be a mixture of the selective and the general, thus ensuring the worst of both worlds. It would be useful to know whether the Government supports the EDC's proposals.

WEST GERMANY'S CAR INDUSTRY

The scramble to catch Japan

By Kevin Done in Frankfurt

RECESSION in the West German car market and the stock of the Japanese challenge has released a wave of activity in the Federal Republic's automobile industry, which is threatening to make West Germany, rather than Japan, the new bogey-man of the European car market.

"The French are saying 'We protected our market against the Japanese and you are using the opportunity to launch a Blitzkrieg against us'," admits Dr Gerd Burmann, head of Volkswagen's marketing strategy.

With the home car market still suffering from shrinking demand and unable to shake off the general mood of pessimism that is dogging the domestic economy, German car makers have launched an export offensive which allowed them to raise car production by no less than 17 per cent in the first three months of this year—despite a drop of 7.3 per cent in domestic new car registrations. Exports jumped 25 per cent in this period.

The success of the German export drive is put into some perspective when the industry is compared with its major rivals. In 1981, a year when most major car markets were suffering from depressed demand, German vehicle production managed a tiny rise while French output dropped by 11 per cent, Italian by 9 per cent, British by 12 per cent and U.S. by 1 per cent.

The success of the export drive over the last 18 months, helped at the beginning by the relative weakness of the D-Mark, has already set some German motor industry leaders thinking about the need for voluntary restraint so as not to sour relations with such potentially touchy neighbours as France and Italy.

Equally, campaigns in Italy encouraging consumers to "Buy Italian" are monitored with some nervousness at the headquarters of the West German Motor Industry Federation. While much attention in recent years has focused on non-tariff trade barriers against car imports into the Japanese domestic market, the West German motor industry argues that the French and Italians are past masters at introducing such hurdles to stifle imports when necessary.

West German car makers have been forced to boost their competitivenes and fight for a bigger share of foreign car markets partly by the abrupt ending of a five year boom in car demand in the Federal Republic and partly by the suddenness of the Japanese onslaught on the West German market.

German automobile producers were already in the process of gearing up investments to produce the models needed in the wake of two oil crises, but the Japanese arival in force helped to concentrate the mind.

According to Daniel Goeudevert, Ford-Werke's French chief executive, the European motor industry started off after the first oil crisis in 1974 like a long-distance runner in a rage to restructure the industry by 1984. The arrival of the Japanese, still fresh, in the race in 1978 turned the final stages into a sprint finish over hurdles.

For the moment at least German competitors appear to have gained their second wind. The sector's ambitious capital investment programme to modernise and streamline production and to develop new model ranges appears to be paying dividends. Capital spending is expected to rise to DM 8.3bn this year from DM 7.2bn in 1981, DM 6.2bn in 1980 and DM 5bn in 1979.

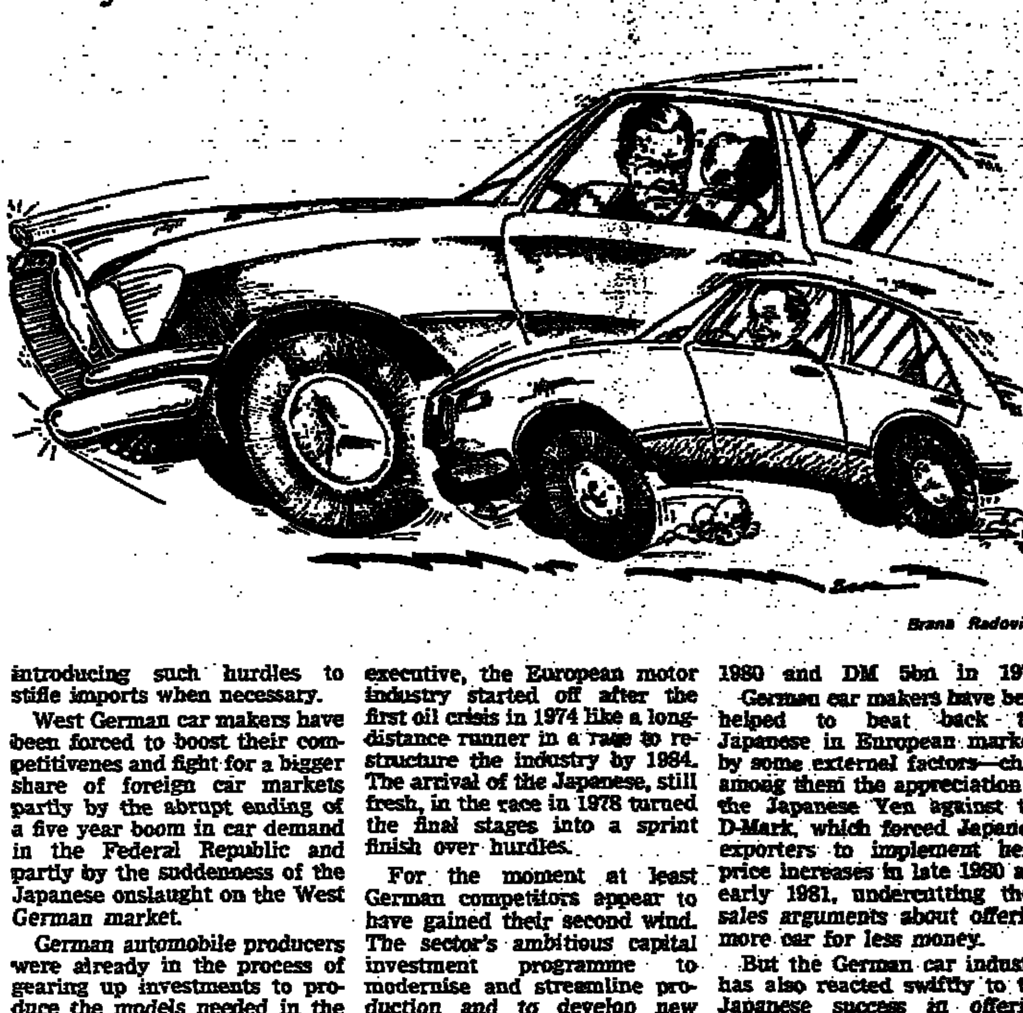
German car makers have been helped to beat back the Japanese in European markets by some external factors—chief among them the appreciation of the Japanese Yen against the D-Mark, which forced Japanese exporters to implement hefty price increases in late 1980 and early 1981, undercutting their sales arguments about offering more car for less money.

But the German car industry has also reacted swiftly to the Japanese success in offering better equipped basic models. In mid-1981, for instance, Volkswagen added equipment worth DM 1100 to the Golf, while only raising the price by DM 350.

EUROPEAN* CAR MARKET	1981	1980
Total volume	9,047,338	9,293,166
Volkswagen	13.4%	12.6%
Peugeot/Citroen/ Talbot	12.9%	14.4%
Fiat	13.6%	12.8%
Renault	12.9%	13.6%
Ford	12.1%	10.8%
Japanese total	9.5%	10.1%
General Motors	8.7%	9.2%
of which Opel	7.3%	7.7%
BL	4.2%	4.1%
BMW	2.8%	2.7%
Daimler-Benz	3.5%	3.4%
Others	6.4%	6.3%

* Italy, France, UK, Belgium, Austria, Netherlands, Switzerland, Sweden, Norway, Denmark, Finland and West Germany

Source: Volkswagen



Brana Radovic

In the first three months this year the Japanese share of West German new car registrations dropped to just 8 per cent compared with 10.4 per cent in the same period last year.

The fight-back has not been achieved without cost. The profitability of the German motor industry has plummeted as the twin forces of Japanese competition and recession have begun to bite. Opel has run up losses of around DM 1bn in just two years, Ford had losses of DM 463m in 1980 and the Volkswagen group dropped into loss for part of last year.

As Ferdinand Schwenger, Opel board member for finance, admits ruefully, "Our cars have to be sold so cheaply, or else we would not be competitive in the market."

Opel, like other German manufacturers, is laying great store on boosting exports this year to other West European markets.

In the three major European volume markets of France, Italy and the UK, German car producers boosted sales by more than 100,000 units last year with growing market shares. The success was not confined however, to markets which are protected by limits on Japanese imports.

The German drive is unlikely to falter in the near future, with a number of important new models due to be launched in the next 18 months. A strong appreciation by the D-mark could hit export efforts, but manufacturers are currently increasing sales, despite prices lying a few percentage points above major competitors.

Volkswagen and the parable of the fat runner

"IN TERMS of manufacturing techniques Volkswagen compares with the average of Japanese industry. We are better than the worst and in three to four years we will be as good as the best. They are no longer building new plants and we are coming with our big investments."

Günther Hartwich, for nearly ten years the Volkswagen director responsible for production, is under no illusions that the West German car industry will ever match the economy of Japanese production. "If I have the same machines making the same parts my costs will always be higher than the Japanese."

West German workers work shorter hours and cost more to employ. According to VW figures, Japanese car workers were putting in annually around 2,150 hours last year. At Volkswagen the number of hours worked dropped in 1981 to 1,523 from 1,603 the previous year. The additional social costs paid by VW per worker were equivalent to 100 per cent of the direct wage. In Japan extra social costs added only 40 per cent to the wage bill.

"We must compensate through other advantages," says Herr Hartwich. "Through capital investment we must achieve a higher level of mechanisation than the Japanese."

The basis of Herr Hartwich's optimism lies in the massive DM 13bn worldwide investment programme Volkswagen is pushing through in the three years 1981-83 in new property, plant and equipment.

Investments by Volkswagen in renewing its power-base in the Federal Republic are running at around DM 2.2-2.5bn a year, of which some 80 per cent is accounted for by capital investment. The demands of re-tooling for new model programmes account for about 40 per cent of this spending, with 20 per cent going to plant modernisation and 20 per cent for equipment replacement and rationalisation.

The major item missing from the list is spending on the expansion of domestic capacity. Last year home production was only 1.4m vehicles compared to 1.7m a year in the early 1970s. Volkswagen is clearly resigned to the fact that major leaps forward will only be made abroad. Foreign-based production almost doubled from 520,000 in 1972 to 1.1m in 1980. But VW is having to invest heavily at home.

The big investment push in the production of assemblies — engines, gear boxes and axles — was carried out in the first half of the 1970s as Volkswagen faced the trauma of transforming itself from being virtually a single-product company—the rear engine, aircooled "Beetle" —to a car group offering a complex range of front-wheel drive models with transverse-mounted engines.

Where VW is now catching up is in universal production areas, which do not change with new models: the press shops, body shell assembly, paintshops and final assembly.

Gunther Hartwich, Volkswagen Board Member for Production: "Through capital investment we must achieve a higher level of mechanisation than the Japanese."

Since 1978 Volkswagen has been spending DM 350m on modernising the press shops at its main works at Wolfsburg, the VW company town. By 1985 the average age of the presses will have been reduced to 10 years and the number of machines will have been cut by 30 per cent, with considerable increases in efficiency.

In terms of manufacturing efficiency VW has been improving its technical productivity annually by about 3-3.5 per cent in recent years, but the current ambitious investment programme is supposed to boost this to around 5 per cent a year.

Even with such technical gains, however, Herr Hartwich admits that VW has slipped back in overall productivity. The technical gains have been more than eaten up by the increase in the complexity of each car produced—more man-hours are needed per unit, even though the extra quality is reflected in higher prices—and by concessions made to the labour force in improved working terms and conditions.

Changes in the press shops in Wolfsburg should bring a reduction of 500 in the 1,500 workforce. In other parts of the manufacturing process VW is well ahead with the introduction of robots as part of the push for greater automation. Some 800 robots should be in use by the end of 1982 and the total should rise to at least 2,000 by the end of the 1980s.

Such investments clearly save jobs, but labour agreements wrung out of VW by IG Metall, the car workers' union, have offset these gains. A new wage agreement introduced in stages up to September last year added an extra 16 minutes paid rest time to the existing 48 minutes per eight-hour shift. Less hours has meant more jobs, with VW having to hire an extra 2,200 workers in Wolfsburg alone.

The chief gai nfor VW in its growing automation is not direct labour-saving, but the huge increase in manufacturing flexibility offered by modern techniques of robots and computer control. "Beetle" production was highly mechanised—98 per cent of spot welding was automatic—but totally inflexible and needed very high volumes with daily production of at least 1,500 units.

Today automation is attractive for an output of only 600-1,200 units a day and robots can be re-programmed for other duties rather than being scrapped when model runs end.

Herr Hartwich sees the German motor industry as a fat runner, with a timetable for slimming, pursuing a thin one. "The fat runner can shed 10 pounds easily just by not eating, but the thin one might hardly be able to run if he loses that much weight."

The question still to be answered is whether the shock of realising how fast the Japanese can run will be enough to make the German competitor a disciplined and permanent weight-watcher.

Men & Matters

Holiday pay

Being with the Task Force in the stormy South Atlantic is no holiday. But many hundreds of men on board are anxious about the summer holidays they booked in good faith before sailing, and which must now be considered in jeopardy.

Travel agents in the naval bases of Portsmouth and Plymouth, and the various military centres, are handling a stream of inquiries from anxious wives and dependents of men who paid deposits on package holidays.

Most of them are being readily reimbursed by holiday companies and travel agents anxious to show goodwill even if a little commission has to fall by the wayside.

But Thomson Holidays, one of the biggest tour operators, is referring difficult cases to the Ministry of Defence.

An official of Thomsons tells me that holidaymakers who took out insurance through Thomson's own insurers, Norwich Union, will get their money back even though strictly speaking going to war is not one of the risks covered by the policy.

However, those who booked holidays with Thomson but did not avail themselves of Norwich Union cover are being advised to claim from the Ministry of Defence.

I telephoned the Ministry. "Well, yes," said a helpful Captain, "a scheme to reimburse personnel for cancelled holidays was devised about a year ago. But we are not quite sure how it will work."

The Ministry is debating whether to repay holiday deposits, or take a gamble that the Falklands engagement will be a short, sharp affair which will get the lads home in time to enjoy those Mediterranean beaches.

Watch out

When time not only marches on but passes you by, the consequences can sometimes be disastrous. Especially if you are in the time business itself.

So it was for the British watch and clock industry which was all but wiped out by cheap, reliable, mass-produced imports from Switzerland at the turn of the century.

There is a lesson to be learned by other industries from this story, so the opening of a clock and watch museum in Prescot, Merseyside, by Professor A. J. P. Taylor yesterday could well be described as timely.

Prescot once ticked along profitably as one of the world's principal centres for watch and clock components. A local invention for making cogs kept hundreds of little workshops busy for 200 years until cheap imports created a new mass market. Though the workshops then got together to form the Lancashire Watch Company, the craftsmen never adjusted to mass production and it was wound up in 1910.

Museum curator Loraine Knowles says there are still nonagenarians around who worked at the factory and recall with a shudder the quality of its five-bob product, the John Bull. The Swiss apparently avoided such problems by training people from scratch for their watch factories and letting their workshops, with their disdainful craftsmen, wither away.

The moral is obvious. But any negotiators of new technology agreements wanting to make the point to their workforces will find the museum, housed in a restored 18th Century town house, a bit cramped for coach parties.

Beck and call

"In a television democracy," said West German Chancellor Helmut Schmidt, "every politician appears as he really is in the long run." Government public relations, he added back in 1974, could not compensate for policy failings and party bickering.

The quotes were recalled with some irony in Bonn this week as Schmidt dropped his government spokesman Kurt Becker for failing, it is said, to reflect clearly enough the merits of his political masters.

The truth is that Becker reflected them all too well—Schmidt's Left-Liberal coalition looks increasingly shaky and the Chancellor's own popularity is sinking fast.

Though not a member of the Social Democrats (SPD), Becker was pressed to take the spokesman's job 16 months ago. For years, Schmidt said he had valued Becker's independent advice as well as his regular articles in Die Zeit, one of Germany's leading newspapers.

The two men were ever said to be real friends—until Becker learned from the otherwise allegedly ill-informed Press the news of his own dismissal.

Bank guard

Robin Hutton, the new director general of the Accepting Houses Committee, belongs to the small band of bankers that has flitted back and forth between the City and public office.

He first came into view in 1970 when he left Hambros Bank to join the Heath Government as a special adviser. His baptism of fire was gained during the bankruptcy of Rolls-Royce, an affair in which neither the City nor the Government particularly distinguished themselves.

In 1973, Hutton was whisked away to the European Commission where he became director of financial institutions. During the five years he spent in Brussels before returning to the City as a director of S. G. Warburg, he is credited with bringing some flexibility into the more rigid pieces of EEC banking legislation.

His expertise in European financial politics is one of the reasons he is now being recruited to run the trade association for the City's top merchant banks. They have always prided themselves on being the guardians of the City's self-regulatory methods which are now under attack.

Hutton will have his work cut out to preserve the status quo.

Danger man

One go-ahead City money man is wondering where his career has gone wrong. He was headhunted recently and spent time being interviewed for a job with a big unit trust group, heading the management of a pension fund. Sounded a great opportunity and our young thruster presented himself with all the vigour he could muster.

The pension fund gave two reasons for turning him down: "too aggressive" and "too performance-oriented."

Observer

LATIN AMERICA AND THE FALKLANDS

Bankers freeze in their tracks

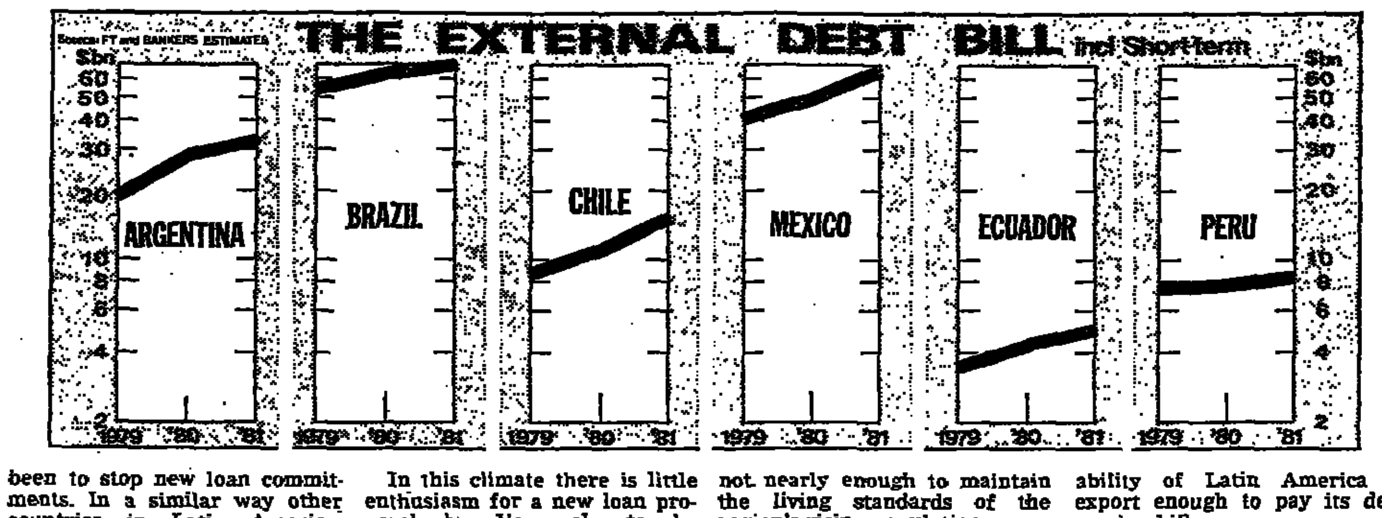
By Peter Montagnon, Euromarkets Correspondent

IT COULD be said with justice that international banks have nothing to lose in the Falkland Islands. They are, according to *the Bank for International Settlements*, one of the only two "countries" in Latin America *which have no commercial bank* borrowings at all.

But this small fact is cold comfort to the hard pressed banking community as the prospect of military action on the islands themselves seems to draw closer.

In the backlash of the Argentine seizure of the Falkland Islands on April 2 alarm and despondency has been spreading through finance ministries and banks in most of Latin America. Medium term bank lending on which the continent heavily depends has all but dried up and the daily routine of bankers whose job is to *supervise some $170bn in South* American loans has taken on an almost nightmarish quality.

One of the deepest fears of the eurocredit market has always been payments difficulties by a *really large borrower* country. Argentina, whose total foreign debt is about $32bn, is just such a borrower and its financial isolation following the Falklands crisis means that its ability to go on servicing this debt may now be very limited indeed.



A loss of confidence greater than over Eastern Europe

Like a rabbit caught caught in the headlamps of an oncoming car, the credit market has frozen dead in its tracks and as they wait for the next twist in the story some bankers are beginning to wonder whether things will ever be the same again.

This is not just a question of the immediate impact of the UK's decision to freeze Argentine assets in London. The very fact that Argentina chose to move on the Falklands at all has reopened the debate on its medium term economic and political future.

Even bankers from countries not involved in the conflict do not like what they see, and their immediate reaction has been to stop new loan commitments. In a similar way other countries in Latin America, especially those close to Argentina like Chile and Uruguay have been placed under fresh scrutiny.

At the very least, the Falklands crisis seems likely to add to the serious financial squeeze on Latin America. At worst it could conceivably engender a loss of confidence in the banking system far greater than has already occurred in Eastern Europe. Eastern Europe's debts *to banks—at some $60bn—are* less than half those of Latin America.

International banks have never been particularly confident of their ability to gauge political risks and a key issue now is whether other Latin American nations may be sucked into the conflict

Bankers who travel the region understand that there are distinct economic differences between the various countries they visit, but they also admit that it is very hard to convince senior management at home

"It would wrong to tar the whole of Latin America with one brush," says one. "but the closer you get to Argentina the more difficult things become." Even Chile, which opposes Argentina, has become a no-go area just at a time when it is in the grip of a deep recession.

Some bankers also concede that the Falklands crisis has given them an excellent excuse to cut back on new lending to Latin America at a time when they were in any case becoming worried about economic strains in several major borrowing countries.

In this climate there is little enthusiasm for a new loan proposal by Venezuela to be discussed with international banks at a meeting in Caracas today.

Venezuela has already declared its support for Argentina in the Falklands dispute and British banks will not be attending the meeting. While Venezuelan officials claim to have invited two of them, no British clearing bank will admit officially to having been asked and an atmosphere of distinct chill has been growing.

The upshot for all these

GDP AND CURRENT ACCOUNT

	GDP—Real % Increases			Current account balance (US$m)		
	1979	1980	1981	1979	1980	1981
Argentina	10.5	−1.0	−6.5	−572	−4,855	−3,824
Brazil	6.7	7.9	−3.5	−10,497	−12,180	−10,600
Chile	8.5	6.5	6.0	−1,189	−1,971	−4,800
Ecuador	5.8	4.8	4.6	−4,551	−6,596	−11,704
Mexico	8.0	7.4	8.1	−585	−770	−1,050
Peru	3.8	3.1	3.9	619	117	−1,561
Venezuela	0.9	−1.2	0.3	350	4,241	2,821

Source: FT and bankers' estimates

countries is likely to be increased *reliance on volatile* short-term borrowings. This will make their debt harder to manage as they become increasingly vulnerable to sudden financial shocks.

In absolute terms lending may also contract, forcing further deflation on countries already labouring under the world recession.

The Inter-American Development Bank calculates that economic growth rates in Latin America as a whole slipped to 1 per cent last year, the worst performance in 20 years and not nearly enough to maintain the living standards of the region's rising population.

The search for high growth rates to offset this rise in population is an important reason for the rapid increase in their debts. In the three years to September 1981 their gross borrowings from international banks increased by more than $80bn to $168bn according to the Bank for International Settlements.

Now they find themselves with a gigantic interest rate *burden—a 1 per cent swing in* U.S. interest rates makes a difference to the balance of *payments of the two largest borrowers*, Mexico and Brazil, of more than $400m.
payments have deteriorated

As a result their balance of rapidly. Last year, according to the Inter-American Development Bank, Latin American countries ran a combined current account payments deficit of $34bn compared with only $27.4bn in 1980.

This year, says the bank's president, Sr Antonio Ortiz Mena, there is little prospect of relief as the recession in developed countries limits the ability of Latin America to export enough to pay its debt service bills.

"Even if the Falklands crisis were resolved quickly by diplomatic means, it could still be *September or October* before normal business resumes—and that's very late in the year," says one.

But this is not to say that all is entirely bleak. A handful of *countries have retained* their ability to borrow medium term money despite the Falklands crisis.

These include Panama, which despite its support for Argen*tina has some leverage over the* international banks to which it plays host as an offshore centre. Colombia, *too, whose net debt is* very low, is also able to borrow on terms not much stiffer than *those paid by industrial nations.*

Moreover Brazil also seems to have escaped the financial quarantine now being imposed on other countries. Its latest loan, for the state oil concern Petrobras, is being increased to $350m from £300m.

Brazil has, however, also earned the respect of the international banking community by its determination to eschew short term borrowing and bring its balance of payments under control. "We are honouring the fact that they were prepared to induce a domestic recession last year in pursuit of financial stability," says one banker.

But bankers are much less sanguine about Mexico whose problems will remain even after the Falklands dispute is eventually settled. Pessimistic estimates of its borrowing needs this year range up to $30bn as it struggles to cope with soaring inflation, a declining oil price and a very weak currency.

Put in context these estimates mean that Mexico could need to borrow more in a single year than the whole outstanding debt of Poland. Mexican officials insist that the actual total will be lower at around $20bn but there are already signs that a desperate quest for cash has begun.

Few bankers are prepared to predict what could happen if the Falklands crisis drags on. In Britain the largest exposure to Argentina and Latin America in general has probably been notched up by Lloyds Bank, but what is clear is that the brunt of any serious banking problems would fall on U.S. banks.

Federal Reserve Board figures show that last November U.S. bank loans to Latin America and the Caribbean totalled $112.9bn, $20bn more than at the end of 1980.

At the end of last year Citibank's total assets in the Caribbean, Central and South America totalled $18.19bn. This compares with $8.6bn at Manufacturers Hanover.

Western hemisphere lending outside the U.S. by Morgan Guaranty totalled $6.5bn at the

Still too small to pose a threat

end of last year. The comparable figure for Chase Manhattan was $15.2bn and for Bankers Trust $4.3bn.

One school of thought in the international banking community maintains that even lending on this scale is still too small to pose a threat to the banks concerned. The banking system is still far more vulnerable to a crisis of confidence emanating from the foreign exchange and money markets.

But international lending is also a matter of confidence, other bankers argue and, with figures as large as this, maintaining confidence will be an uphill struggle if things do go badly wrong in Latin America.

Politics Today will appear on Saturday.

Lombard

Alliance squeezed by the Falklands

By Peter Riddell

ONE OF the most striking domestic results of the Falklands *crisis has been* to raise doubts about the immediate prospects of the SDP/Liberal Alliance. A month ago the Alliance had just won the Hillhead by-election and was ready to launch a major drive in its first nationwide test at the local *elections on May 6. But now* its standing is slipping with each new opinion poll.

In part, the problem is that the Alliance, its activities and aspirations, have been pushed off the front page by the Falklands. The SDP, in particular, has depended for its electoral success in the last year on a high public profile which has made it appear as a plausible alternative to Labour and the Tories. This has been a circular process in which media attention has helped to generate success. But the Alliance has now been robbed of this attention.

Discussion of the Falklands has been concentrated on the Government and the main opposition party. This is partly because House of Commons procedure at present works against minority parties.

Avenger

Mrs Thatcher has also been able to raise the Union Jack as the avenger of the initial humiliation. Similarly, Mr Michael Foot and Mr Denis Healey have capitalised on their strengths of oratory and experience in uniting the Labour Party, apart from a small group around Mr Benn, on a dispute which is ideally suited to distract attention from internal discontents.

The Falklands issue is in many ways the wrong one for the Alliance to seize the public imagination, whatever the merits of its views. This is despite the effective interventions of Dr David Owen, who has considerably enhanced his reputation at Westminster. As Mr Raphael Samuel points out in the last and current issues of New Society, the SDP's members pride themselves on being "the thinking part of the population as opposed to those who obey the atavistic appeal of traditionalism." To many of these people, the "concerned" middle classes, the passions of the Falklands affair must seem alien.

Crucial

It is impossible to tell what impact the crisis will have on the elections next Thursday. The polls point to a steady fall in the Alliance's position, down to 27 per cent from 31 per cent a fortnight ago, according to MORI, with the Conservatives rising from 33 to 40 per cent. These figures are crucial since the Alliance needs to get well over 30 per cent if it is to win seats on a large scale. Some analysts question the value of some recent polls which include other questions on the crisis. They suggest that such interviews favour the Tories.

The public mood appears to be highly volatile and Tory support could plummet if the *expedition is regarded as a* failure. Experienced canvassers also report an unusually large *number of "don't knows."* Some SDP leaders expect patchy results, depending on local campaigning and the extent to which Labour councils have swung left.

It would be wrong to exaggerate the importance of next week's elections. Any squeeze on the Alliance's support could be temporary. After all, Labour's divisions could soon re-emerge with the report on the Militant Tendency coming soon and Mr Bob Mellish's expected resignation as an MP threatening a bitter row. *The Tory position is highly* dependent on the outcome of the crisis.

Whatever happens, the crisis indicates that a sizeable part of the support for the Alliance is potentially "soft" and that the SDP needs to define itself more clearly and broaden its base if it is to become a major third party.

Letters to the Editor

The banks and international lending policies

From Mr J. Whitley

Sir,—Mr T. Clarke (April 23) puts a view of international banking which is by no means uncommon. While not wishing to characterise banks as paragons of virtue, the following observations may improve to some extent Mr Clarke's rather jaundiced view of the banker's world and the international debt problem.

Prior to the early 1970s balance of payments surpluses and deficits were largely financed by flows of official aid and direct investment. With the advent of the first oil shock in 1973-74, the banks stepped into the breach and recycled the very large surpluses now accruing to the oil producers (Opec) to the deficit countries, which needed to finance their increased oil import bills. This did not mean that deflationary pressures were wholly avoided, but undoubtedly even greater *deflation would have been* necessary had the international banking system not responded *flexibly to the new challenge.*

It has been alleged by the Bank for International Settlements, for example, that "instances have occurred in the past where banks clearly overlent to certain countries whose payments deficits were obviously unsustainable." It is, of course, easy to be wise with hindsight. If banks have been unwise, so too have governments who lend often for political rather than economic reasons—and sometimes attempt to pressurise the banks to lend on these political criteria.

The size of a country's international debt—which has been *eroded by inflation*—is not a problem unless the country concerned cannot service that debt. If, for example, it hits *cash flow problems—which may* be increasingly likely due to the need to pay high real *interest rates on debt contracted* at floating, and not fixed, rates—a rescheduling agreement is *normally* worked out, whereby the debt is paid but later than anticipated. Perhaps more *serious is the possibility* that a country may take a deliberate political decision to default on its debt in preference to paying it back. This, however, has not yet been experienced by the banks and the loan loss record on international lending has been better than a domestic lending.

A bank will not lend to a customer unless it believes the loan will be repaid and they are improving constantly their systems for assessing whether and how much to lend to whom. Banks are, however, in the business of taking risk in order to make a profit (just as shareholders are when they buy an equity stake in any company)—risk which, in the earlier part of this century and previously, was borne by unsuspecting individuals who took up bonded debt. Banks may not always correctly assess country risk, but they are much better equipped to try than private investors.

This is not to say that many criticisms of the banks are invalid. It is vital that banks continue to assess and improve *their operations; other types of* financing should be fully explored. But borrowers also *undertake obligations* and responsibilities. A defaulting borrower would not be able to return to the banks for a long, long time if ever, and debt has always been a crucial factor in development.

Jackie Whitley.
15 Oakdene Road,
Sevenoaks, Kent.

Floating charges

From the Managing Director, Control Technology

Sir,—I would like to continue the debate on bank lending policy with a specific example of discriminatory practice. As a small company wishing to purchase the freehold of our premises via our bankers, they insisted not only upon a floating charge over the company's assets including the property deeds, but also upon the personal guarantees of the directors. For this "service," where incidentally asset cover provided by the company is approximately 3:1, the bank charges 2½ per cent above base rate.

Contesting this rate in relation to the facility offered to private individuals, I received the following reply from our bank: "I understand your concern that our home loan rate for personal borrowers is at present lower than the rate being charged to the company, but this product is for a special market and has to be competitive to succeed."

By implication and contrary to recent bank publicity, it would appear that small *businesses* are neither a "special market" nor is there the need to provide the stimulus of competitive rates.

Clive Nottingham.
Control Technology,
Bolney Avenue,
Peacehaven, East Sussex.

Agricultural production

From Mr B. Read

Sir,—John Cherrington (April 23) once again highlights the problems of the Common Agricultural Policy and argues the ineffectualness of some of the proposed reforms. He has taken the bull by the horns and suggested a more radical but commonsense solution to set aside land which is producing the structural surpluses. I am in wholehearted support of his proposal though as a flour miller it might seem against my interests. I do not, however, want to be able to buy cheap wheat just because a support system is encouraging overproduction—wheat whose price is in any case maintained either by expensive export rebates or costly intervention procedures.

I am sure that there is a major psychological barrier to be overcome before any set aside proposals could be implemented and in any case they must be seen in a European context and not just as they would affect us in the UK. I suggest that there is one step which could and should be taken immediately both to save public money and in the interests of conservation of the countryside. I am referring to the payment of grants by the Ministry of Agriculture, Food and Fisheries to enable land to be converted to arable production which at present means growing more wheat.

As a conservationist particularly interested in the preservation of the wetlands of East Anglia I am concerned that at the moment we have a situation where application is being made for grants to improve the drainage of large areas of marshland so that much of the land can be converted to arable farming against all the arguments of the ecologists. It is time that Government policy was changed and the present criteria whereby the Ministry of Agriculture, Food and Fisheries has an over-riding obligation to increase agricultural production is replaced by one which both assesses the environmental effects of a grant and considers whether in the short term the additional production is justified—not just that the scheme is cost effective. This should ensure that some land of ecological and landscape value is not taken into cereal production, at public expense, to produce commodities which are in surplus.

Bryan C. Read,
PO Box 9,
City Flour Mills,
King Street,
Norwich.

Was the design by Mies van der Rohe?

From Mr John Harris

Sir,—Messrs Rogers, Foster *and Stirling have* defended (April 22) Mies van der Rohe's design for the Mansion House tower, and in so doing evoke qualities of timelessness and Hellenism for what they believe will be a masterpiece in the sense of elevating the spirit.

They are deluded, Sir, for in this matter of tower blocks there is only one masterpiece by Mies, namely his Seagram building of 1957. Just as there can be no two Parthenons, so there is only one Seagram. The Parthenon is in Athens, the Seagram in New York. Neither has had to be transported to London to act as lode-stones. The Mansion House tower will be what it is: an inferior version.

Your correspondents make much of the tower having been designed and detailed both inside and out by the late master. To my simplistic mind this implies actual drawings by Mies, and not by assistants in his office. As not a single original drawing has ever been seen, *neither at the Royal* Exchange in 1968 nor at the RIBA this year, I am beginning *to wonder* if the claim is spurious.

John Harris.
18 Limerston Street, SW10.

Directors' equity interests

From Mr S. Penwill.

Sir,—*Mr J. Hood* (April 22) raises the hoary old problem of directors' qualification with*out considering fully* the implications.

As chairman of a company I would not wish to be handicapped in recruiting the best expert brains and experience to my board by insisting that the individual concerned must, as suggested by Mr Hood, invest what could be a considerable part of his savings in the company's shares.

It *is becoming more usual* for the articles of association of companies to provide that *directors need not have a shareholding* as the shareholdings previously prescribed were *generally only nominal.*

The fact that some directors do not have stakes in their *companies* commensurable with their remuneration may be due to many factors, but least of all I would suggest to lack of confidence in the business they direct.

S. W. Penwill,
London International Press
Centre, *76, Shoe Lane, EC4.*

UK COMPANY NEWS

M & S profit expands by 22.6%

WITH THE announcement of results for the period ended March 31 1982, showing a 17.4 per cent rise in sales to almost £2.2bn and a 22.6 per cent increase in pre-tax profits to £222m, Marks and Spencer has revealed that a professional revaluation of its UK properties has thrown up a surplus of £387.7m which has been credited to reserves.

In the UK stores sales increased by 16.5 per cent, in Europe by 30.9 per cent and in Canada by 32.3 per cent. The results this time cover M & S and its European subsidiaries for the year to March 31 1982, and the Canadian subsidiary for the year ended January 31 1982. The figures take in 53 weeks trading (against 52), except in Canada (52 against 53) and in France (52 for both years).

Earnings per share for the year are shown to be ahead from 7.63p to 9.22p, and the dividend is lifted from 3.8p to 4.6p net, with a final of 2.85p.

The profit was struck after charging depreciation of £22.7m (£19.1m) and allocation to employees' profit sharing scheme £4.2m (£3.2m). Depreciation has been charged on the basis of the book values of properties at the beginning of the year, without any adjustment for their revised values. The allocation to the profit sharing scheme represents 4.3 per cent of the salaries of those eligible.

Results of overseas subsidiaries have been consolidated using exchange rates ruling at the end of each year. While European rates are broadly similar to last year, the Canadian figures are distorted. Expressed in local currency the Canadian sales are 8.9 per cent higher, but profits before tax are 14.2 per cent lower.

The European profit is arrived after deducting pre-opening and other exceptional expenses totalling £474,000 (£253,000), while the Canadian figure is struck after pre-opening expenses of £225,000 (exceptional expenses £454,000).

On a CCA basis the profit before tax comes down to £211m (£172m) and the earnings per share to 8.45p (6.96p).

The annual accounts will be posted on June 4, and the annual meeting held on July 1 at the Royal Lancaster Hotel, W, at 11 am.

HIGHLIGHTS

Lex looks at the surprisingly good results from Marks and Spencer. Volume growth has been accelerating and profits for the year have jumped by close to £41m to £222.1m pre-tax. ICI meanwhile has produced a disappointing first quarter result with pre-tax profits of £62m against £52m in the comparable period—well below outside expectations. Most of the sluggishness is due to very weak oil prices which the company has been unable to use to improve oil product margins. Finally Lex considers the implications of Great Universal Stores' latest move of stepping into the market and building up its share holding in Empire Stores to 29.9 per cent. Other major news of the day was the appointment of receivers at Birmingham and Midland Counties Trust—the master company of Graham Ferguson Lacey and a substantial shareholder in NCC which was suspended earlier this week.

	1981-82 £m	1980-81 £m
Group sales	*2,198.7	1,872.9
United Kingdom	2,025.3	1,729.2
Clothing	1,094.0	978.5
Homeware, etc.	178.3	142.9
Foods	753.0	617.7
Europe	43.8	33.3
Clothing	38.0	28.3
Homeware, etc.	3.6	2.3
Foods	2.6	3.0
Canada	103.3	78.1
Clothing	68.0	58.4
Gen. Merchandise	25.0	17.6
Foods	10.3	7.1
Direct exports	26.5	22.3
Trading profit	242.4	198.2
Interest payable	15.8	15.8
Depreciation	22.7	19.1
Profit sharing	4.2	3.2
Interest recd.	21.6	17.9
Asset sale	0.8	3.1
Profit before tax	222.1	181.2
United Kingdom	216.4	176.8
Europe	3.1	1.9
Canada	2.6	2.5
Taxation	100.3	80.6
Minority	1.1	1.1
Attributable	120.7	99.5
Pref. dividend	0.1	0.1
Ordinary	60.2	49.6
Undistributed	60.4	49.8

* Excluding VAT and other sales taxes.

See Lex

£5.28m turnround into black by BSG

THE MOVE back into the black mid-year by BSG International was short-lived although this industrial holding concern still showed a healthy turnround in fortunes for 1981 achieving pre-tax profits of £320,000, compared with a deficit of £4.96m previously.

The group returned to profit in the first quarter and by mid-way recorded taxable profits of £514,000, against a loss of £440,000 for the corresponding period. The second half shortfall is blamed on strikes and further interest rate increases.

Although the group has again traded profitably in the first quarter of the current year, the directors say it would be inappropriate to recommend a dividend for 1981 other than the nominal 0.1p net paid at the interim stage — last year both payments were omitted.

They say they are expecting improved profits for 1982 provided the UK economy does not deteriorate and that interest rates remain stable.

Turnover for the year under review totalled £247.6m (£287m) and trading profits came through at £4.98m (£2.3m)—comprising vehicle distribution £2.81m (£2.45m) and manufacturing £2.17m (£154,000 loss).

The pre-tax figure included a share of associate losses of £45,000 (nil) and was after interest charges of £4.61m (£7.26m). Tax took £496,000 (£13,000).

Minority debits were £173,000 (£53,000 credit) and extraordinary debits totalled £1.16m (£3.46m).

Loss per 10p share is given as being down from 7.48p to 0.53p. CCA pre-tax losses were £889,000 (£7.34m).

• comment

With the slip back into a pre-tax loss of £194,000 in the second half, BSG failed to meet expectations. The good news was the sharp cut in interest costs. Some 60 per cent of this came from a £7m slice off borrowings, mainly through property sales. This has taken some of the heat out of gearing which is down from around 80 per cent to around 50 per cent. While the vehicle side is likely to continue to wallow in recession until late 1983, the manufacturing division—despite losses in Germany, France and Spain—made a timely recovery. The indications from first quarter performance are that the group will produce an improved half-time result. For the full year a further upturn in manufacturing is anticipated including recovery overseas—where potential is seen to be good—and there should be £1.5m more property sales. Altogether this puts a return to real dividends on the cards. Yesterday the shares remained unchanged at 15p.

George Wimpey slips to £44.2m: lifts dividend

REFLECTING THE difficulties of the continuing recession both at home and overseas, pre-tax profits of George Wimpey, the building, civil, mechanical and electrical engineering contractor, dropped from £54.8m to £44.2m in 1981.

Sales of private houses in the UK fell from 9,100 to 7,300 though in recent months demand has increased particularly for first-time home buyers, says Sir Reginald Smith, chairman.

The group's response of offering very economic houses backed with vigorous marketing has resulted in an encouraging increase in house-starts in the first quarter of 1982, he adds.

Stated earnings per 25p share for the year fell from 16.9p to 15.5p excluding corporation tax credits for previous years.

The final dividend is increased, however, from 1.7p to 1.95p absorbing £4.99m (£4.35m) which lifts the net total for the year from 2.55p to 2.8p a share. The annual cost goes up from £6.53m to £7.17m.

Total turnover for the year slipped from £1.22bn to £1.1bn and operating profit from £89.1m to £59.8m.

Interest costs also rose from £14.2m to £15.6m but the release of deferred tax provisions produced a tax credit of £8m against a charge of £11.7m last time, increasing net profit from £43.2m to £50.2m.

Interest charges were especially onerous in North America, Sir Reginald says. Despite this, however, he is confident that the long-established business in the U.S. provides the group with Canada along with progress in a firm foundation for growth.

With a further reduction in borrowings in the year the group is "well placed to continue investment," he adds.

At half-way stage pre-tax profits were down from £29.4m to £8.4m.

On a current cost basis the year's pre-tax profits were £27.3m (£20.3m) while stated earnings per share were 10.2p (8.1p) after tax.

Copies of the report and accounts will be distributed to shareholders on May 19 and the annual meeting will be held on June 21.

See Lex

Norwich Union suffers increase in surrenders

A SUBSTANTIAL jump in the number of life policies being surrendered or lapsed is reported by the Norwich Union Insurance Group in its 1981 report and accounts.

Mr Michael Falcon, in his chairman's statement, said that during the year 5.1 per cent of the life policies in force were either surrendered or lapsed, compared with an average of 3.3 per cent for the preceding 10 years.

This increase be attributed to the current economic climate. He also points out that even though the figures are below the average for the industry, nevertheless such a high figure was imposing a severe strain on the administration.

The Norwich Union, unlike most other life companies, has not rushed to invest its UK life new money in overseas equity markets. Last year a total of £305m new money was available for investment and £260m was invested in the UK. Overseas holding now constitute about 2.5 per cent of UK life funds.

The life funds invested £69m in fixed interest gilts and a further £31m in index-linked gilts. Mr Falcon emphasises that the real yields offered at present on index-linked gilts do not make them an attractive holding for more than a small proportion of the funds.

Total life funds rose by £400m last year to £2.51bn at the end of 1981. Annual premium income rose nearly 12 per cent to £324m, single premiums by nearly 20 per cent to £75m and investment income by over 20 per cent to £275m.

The fire insurance subsidiary reported a pre-tax profit up by nearly £7m to £39.2m, despite

Evered cuts deficit to £0.3m

A SHARP reduction in pre-tax losses has been shown by Evered and Company Holdings, engineer, from £646,031 to £290,603 for 1981. Turnover was lower at £9m, compared with £11.51m.

There is again no dividend—the last payment was a final of 0.25p in 1979. Losses per 25p share were cut from 11.2p to 5p.

The prospects for the current year were encouraging, says the directors. Although January was a difficult month, management accounts for the first quarter of 1982 indicate that the improving trend has been maintained.

As stated in the interim report, the recovery of the group has continued in the second half despite the economic uncertainties arising from the sharp increase in interest rates midway through the period.

A small trading profit of £7,000 was made in the six months, an improvement in which all the operating subsidiaries contributed, say the directors.

Pre-tax profits were struck after reduced interest charges of £173,131 (£267,731). There was a charge for tax last time of £2,062. Net losses came to £290,603 (£648,093) before extraordinary debits of £248,658 (£272,756).

On a current cost basis, pre-tax losses amounted to £434,000 (£525,000).

United Wire up midway

TAXABLE PROFIT of United Wire Group in the half year to March 27 1982, was well ahead at £649,000 on the £30,000 in the same period a year earlier, after interest charges of £252,000, up from £186,000. Turnover rose from £6.48m to £9.27m.

The net interim dividend is being held at 2.2p—last year a total of 5.75p was paid out of taxable profits of £602,000. Half year stated earnings per 25p share were 2.9p, against 0.1p.

Tax was higher at £360,000 (£21,000), for a net profit of £289,000, compared with £9,000. There was an extraordinary debit of £50,000 (nil).

Mr A. A. Green, chairman, says profitability improved significantly in the traditional sector of the group, including non-ferrous wire, wirecloth and synthetic fabrics. The benefits of reorganising these activities over the past two years were beginning to be seen.

The extraordinary loss was attributable to the lower value of the Rand, affecting group activities in South Africa.

Thule United operations continued to expand rapidly, the chairman adds, with first-half profits almost equal to those made in the previous full year. SeaMark Systems sales were growing but it was not yet profitable.

Flight Refuelling edges ahead

PRE-TAX profits at Flight Refuelling (Holdings) edged ahead from £2.91m to £3.02m in 1981, and the directors are recommending a one-for-two scrip. The final dividend is raised from 1.6p net to 2.35p for an increased total of 3.75p compared with 2.55p.

Turnover of this manufacturer of specialised equipment for aircraft, nuclear and electronics industries, improved from £19.05m to £21.89m. Group results include only six months' contribution from Stanley Aviation which was acquired on June 30, 1981 at a cost of $10.6m.

The directors say the results show a modest improvement on those for the previous year. The depressed state of the national economy, together with the limitations and changes in defence expenditure, have inevitably affected some areas of the group's business in the short-term. However, despite these difficulties, they consider that the performance in the well-established areas of its business has been very satisfactory. Accordingly, they are recommending one-for-two bonus issue to be allotted to ordinary shareholders.

The pre-tax figure was struck after an exceptional debit of £61,000 (nil), being the net interest paid relating to the acquisition of Stanley Aviation Corp, associates' losses of £3,000 (nil) and the allocation of £73,000 (nil) to the share incentive scheme.

There was a substantial increase in tax, which was up from £127,000 to £748,000. Attributable profits were £2.27m (£2.79m), and dividends absorbed £551,000 against £321,000.

Stated earnings per 25p share were down to 16.31p (21.32p). Earnings per share have been adjusted to reflect the rights issue made last June.

• comment

Despite a mid-air pitstop—in the form of a £5.2m rights issue last June—Flight Refuelling only just managed to sustain its record of profit growth. And since pre-tax returns from the Stanley acquisition for which the money was raised amounted to no more than £0.26m over the six month period, fully-taxed earnings per share have been somewhat diluted. Indeed, the inclusion of Stanley implies that existing interests did marginally less well than in a disappointing first half: as before conditions were smoother for FR's major business than for its ventures in electronics and fluid control. The shares came back 12p on the figures to 263p, where the yield is 2 per cent. The fully-taxed multiple of almost 25 still looks a rather optimistic rating, but it may get fair support from current military activity, as a windfall element in 1982 profits seems certain.

Office and Electronic at £2.66m

TAXABLE profits of Office and Electronic Machines, the UK sole distributor of Adler, Imperial and Triumph typewriters, calculators and word processors, rose marginally from £2.52m to £2.66m in 1981. Turnover also made a slight advance to £22.65m compared with £22.4m.

The year's dividend is being increased from 7p to 7.5p net per 25p share, with a final of 5p (4.5p). Earnings per share are, however, stated lower at 25.03p (27.84p excluding release of deferred tax of 28.07p).

Tax took £1.12m (£899,512 credit after release of £1.72m deferred tax) leaving attributable profits of £1.53m (£3.42m). Current cost adjustments reduced the attributable surplus to £1.1m (£1.85m excluding the release of deferred tax).

After dividends of £459,356 (£428,742) the retained profits emerged at £1.07m (£3m).

At the half-year stage, the company had made pre-tax profits of £1.3m (£1.37m) on turnover of £11.43m (£12.28m).

KUALA SELANGOR

Taxable profits of Kuala Selangor Rubber Company for 1981 declined from £310,469 to £296,244, but the total dividend is held at 13.5p net with a same-again final of 9p. Stated earnings per 10p share were 18.36p (18.49p). Tax took £152,959 (£167,198). Kuala's ultimate holding company is Harrisons and Crosfield.

Yule Catto soars to £5.7m and pays more

FOR THE year ended December 31 1981, Yule Catto and Co. returned taxable profits of £5.75m, which were 140 per cent above the £2.39m achieved for the previous 14 months.

The directors say that the acquisition of Revertex Chemicals in 1980 and subsequent change in the group's financial year make comparisons extremely difficult but earnings per share have increased from 7.9p in 1979 and 2.6p in 1980 to 11.6p for 1981.

They are stepping up the final dividend from 1.2p to 1.5p for a net total of 2.5p, an improvement of 25 per cent on last time's 2p.

No share of profit from Goal Petroleum was included in the full year results following its reclassification as an investment instead of an associate. In addition, Doverstrand has become an associate instead of a subsidiary following its amalgamation with the Revertex compounding division.

It is pointed out that the group's UK performance was "very creditable" and that it continued to benefit from a major contribution to profits from overseas companies.

Turnover for the year rose to £101.73m (£36.59m for 14 months) and trading profits were £5.98m (£2.9m).

Tax took £2.57m (£1.34m) and after minorities of £598,000 (£553,000) and extraordinary debits this time of £83,000 (£406,000 credit) attributable profits emerged 177 per cent ahead at £2.5m (£903,000). CCA pre-tax profits were £4.4m.

The group's main activities include rubber and palm oil cultivation in Malaysia and the fabrication of thermoplastic materials.

The company says the current year is likely to be one of consolidation, rather than further expansion. The GOAL investment is now worth about £1.4m less than it was a year ago, but the company insists that the stake holds a lot of potential. Yule Catto's shares gained 5p yesterday moving to 87p. This gives an historic fully-taxed p/e of around 7¼, which discounts the company's modest growth profile for the group overall. The increased dividend indicates a yield of more than 4 per cent.

• comment

Nearly all of Yule Catto's increase is thanks to the Revertex acquisition. Platations have weakened in the year, due to lower prices for rubber and palm products. Manufacturing has been fairly static, with only roof skylight sales looking chipper. YC is putting money into its new chemical acquisition, notably overseas where more than half the division's profits come from.

DIVIDENDS ANNOUNCED

	Current payment	Date of payment	Corresponding div.	Total for year	Total last year
Aberdeen Trust ...... int.	2.3	June 25	2.1	—	6.1
Arenson Group ...... int.	Nil	—	0.52	—	1.23
Ben Bailey .... int.	0.25	—	0.44	—	1.0
Henry Boot and Sons ...	10	—	10	13	13
Border Breweries	3.8	July 5	3.6	5.2	4.9
British Assets 2nd qutly.	1.1	July 5	1.0	—	4.05
BSG International	Nil	—	Nil	0.1	Nil
De Vere Hotels	3	July 1	3	6	6
Downiebrae	Nil	—	Nil	Nil	0.9
Flight Refuelling	2.35†	July 9	1.6	3.75†	2.55
HighCroft Trust	1.7	July 1	1.5	2.85	2.5
Holyrood Rubber	30p	June 11	30	45	45
Hongkong Rubber	17	June 11	13*	25	19*
Hopkinsons Holdings ...	4.15§	Aug 6	3.56*	5.44§	4.84*
Kuala Selangor Rubber	9	June 11	9	13.5	13.5
Marks and Spencer	2.85	July 16	2.3	4.6	3.8
Office and Electronic ...	5	July 2	4.5	7.5	7
S. Simpson .... int.	1.31	July 2	1	—	3
Towles	2.1	July 1	2.1	2.1	2.1
United Wire .... int.	2.2	July 1	2.2	—	5.75
George Wimpey	1.95	July 2	1.7	2.8	2.55
Yule Catto	1.5	July 5	1.2	2.5	2

Dividends shown pence per share net except where otherwise stated.
* Equivalent after allowing for scrip issue. † On capital increased by rights and/or acquisition issues. ‡ USM Stock. § On capital to be increased by scrip issue.

Lilleshall dividend cut by 1p

HAVING INCURRED a pre-tax loss of £84,000 midway, the steel and engineering holding company Lilleshall reports *losses for the year to December 26 1981 of £100,000 compared with a pre-tax profit of £308,000. Turnover fell from £11.84m to £10.01m.*

Mr J. G. Price, chairman and chief executive, says the reduced losses in the second half were partly because of a 10 per cent sales increase but were largely due to containing losses at the steel mill. However, this was offset by a severe reduction in results at the engineering division.

The final dividend per ordinary share has consequently been cut from 2.5p to 1.5p net, making a total of 2.5p for the year compared with 3.5p. Earnings per 10p share are stated to be nil against 23.7p before excluding deferred taxation adjustments.

The company had a tax rebate of £27,000 against a payment of £266,000 last time, and extraordinary items (net of tax) took £38,000 (nil), leaving attributable losses of £165,000 against profits of £572,000.

The chairman says: "The company has traded profitably for the first three months of the current year but there is renewed hesitancy in the steel industry, particularly as it affects the steel mill, and it is not possible to forecast results for 1982."

Current cost accounting methods produce a pre-tax loss of £269,000 (profit £114,000).

Oil profits fall but ICI ahead in opening quarter

TRADING PROFITS from Imperial Chemical Industries' oil business fell from £26m to £12m in the first quarter of 1982. This figure was after supplementary petroleum duty and petroleum revenue tax up from £31m to £41m.

Pre-tax profits of Britain's largest manufacturer increased by £10m to £62m, despite depreciation climbing by £22m to £96m. Sales showed a substantial improvement from £1.5bn to £1.78bn.

Group chemical sales contributed £1.55bn of this total—a modest increase of 1 per cent over the previous quarter's figures. There was a volume improvement in chemical sales, again by 1 per cent—an increase of 2 per cent in overseas markets being offset by a reduction in the UK.

Chemical sales in the fourth quarter last year were £1.57bn and oil sales totalled £263m in the same period. The final quarter pre-tax figure was £114m. Year-end figures were: group sales £6.58bn, including £5.75bn from chemicals, and £831m from oil; pre-tax profits £335m.

The FOB value of chemical exports from the UK was £368m, an increase of 5 per cent on the previous quarter's £352m. Oil sales fell by 25 per cent to £198m.

The directors say the year started badly with UK trading adversely affected by the weather and transport difficulties, but there was improvement towards the end of the quarter. However, they say there is no evidence, as yet, of a sustained upturn.

The fall in the price of oil contributed to lower oil profits, but failed to benefit margins in oil-related businesses.

First quarter tax was down from £36m to £26m, leaving £36m against £16m. After minorities of £6m (same), attributable profits were £30m compared with £10m, and the stated earnings per share advanced from 1.7p to 5.1p.

See Lex

Losses cut at Audio Fidelity

A REDUCTION from £215,000 to £192,000 in its pre-tax losses is reported by Audio Fidelity for the half year to October 31 1981. In the previous full year to April 30 1981 there were losses of £280,617 against profits of £99,048.

The directors of this manufacturer, wholesaler and retailer of hi-fidelity sound equipment, say retail losses over the normally quiet summer period were even higher than expected. Adverse conditions have continued into the second half. Little improvement was achieved during the Christmas period due to appalling weather conditions.

While showing an improvement as a whole, manufacturing divisions suffered heavy reorganisational costs, which they say will not affect the second half figures.

This division is enjoying *markedly increased demand for* its products. The German subsidiary, Orchesterelektronik Vertriebs, ceased trading in December.

There was again no tax charge for the half year but there were minority credits of £2,000 (£3,000).

Border Breweries improvement

TAXABLE profit of Border Breweries (Wrexham) moved ahead from £903,701 to £938,635 in the year to February 28 1982, on turnover up from £14.08m to £15.59m. *Profits at half time were* £508,000.

A higher final dividend of 3.8p net, compared with 3.6p, lifts the total to 5.2p (4.9p). Stated earnings per 25p share were 11.59p, against 10.55p.

Tax at £309,474 was down from £330,658. Extraordinary credits of £47,356 (£40,553) were the profit from disposing of freehold property.

Pre-tax profit on a CCA basis was £613,000, down from £661,000.

Strong recovery shown by Hoskins & Horton

A YEAR of "consolidation and recovery" had been achieved at Hoskins and Horton after a serious erosion of the company's asset base in 1980, according to Mr R. C. Hale, chairman. It *finished 1981 with pre-tax profits* of £451,000, against a £188,000 loss and a mid-year profit of £234,000.

Turnover of this building supplier, builder and contractor rose from £8.95m to £9.4m. Interest payments took less at £134,000 (£271,000).

A final payment of 3p per share (2p) will raise the total dividend to 5p (3p). Stated earnings per 20p share were 16.4p, against a 26.5p loss.

Tax took less at £15,000 (£511,000) and extraordinary debits at £19,000 were also lower, against £627,000.

In view of the 1980 difficulties and the continuing recession, the 1981 performance had been sound, Mr Hale said. The Horton companies began 1982 poorly because of the bad weather and prospects depended on the state of the domestic economy. Hoskins had made a sounder start, but its summer performance would probably depend on winning export contracts.

A pre-tax profit of £260,000 was recorded on a CCA basis, against a £541,000 loss.

SPAIN

April 29	Price %	+ or −
Banco Bilbao	345	−3
Banco Central	334	−3
Banco Exterior	310	+5
Banco Hispano	310	−2
Banco Ind. Cat.	110	
Banco Santander	322	−3
Banco Urquijo	200	
Banco Vizcaya	360	−3
Banco Zaragoza	246	
Dragados	150	−2
Espanola Zinc	69	
Fesca	63	
Gal. Preciados	40	
Hidrola	63.5	
Iberduero	56.5	
Petroleos	91.0	
Petroliber	99	
Sogefisa	6.50	
Telefonica	71.7	+1.2
Union Elect.	64	+0.5

Production changes and U.S. loss hit Arenson

FOR THE six months ended January 31 1982 Arenson Group has run into a loss and is omitting the interim dividend. *The loss was £630,000*, compared with a profit of £28,000 in the comparable period last year when an interim of 0.52p was paid.

Mr Archy Arenson, the chairman, says the required changes in production techniques in both the office and domestic furniture divisions to make the new ranges caused heavily increased *production* costs, which continued through to the end of March. And this situation was aggravated by losses of some £200,000 sustained in the U.S.

While trading conditions have not improved, Mr Arenson says the *group* is now operating profitably in the home market. "We are in a far stronger position to regain our market share because of the actions that we have taken over the past 18 months."

With regard to the U.S. subsidiary, he says the trading and management problems being experienced will result in *further losses in the second half*. "However, we are paying special and urgent attention to this matter so that by the end of the current year satisfactory solutions will have been implemented."

Turnover for the half year came to £6.69m (£6.18m). The loss per share is shown at 6.8p (0.4p). In the full year to July 31 1981 the group made a profit of £68,000 and paid a total dividend of 1.225p.

ANSBACHER

The recent rights issue by Henry Ansbacher has been accepted in respect of 81.1 new shares, or 91.4 per cent.

The shares not taken up have been sold at a premium in the market. Net proceeds will be remitted to eligible shareholders.

De Vere Hotels over £0.8m off at year-end

SECOND HALF profits of De Vere Hotels and Restaurants have fallen from £781,000 to £495,000. Following the setback *at midway, the full profit for the* year 1981 came out at £538,000, against £1,396,000.

Turnover was down from £21.05m to £20.06m. The dividend for the year is held at 6p net per share, with an unchanged final of 3p.

The directors state that there is, as yet, little sign of a significant lasting upturn in the economy. However, the strength of the balance sheet with a net asset backing of 336p per share provides a defence against a prolongation of the recession and ensures the group will be able to take full advantage of the recovery when it comes.

Liquidity has been boosted by the recent hotel sale and will be further augmented through the disposal of low yielding property investments under negotiation.

The profit was struck after depreciation, repairs and renewals of £1.94m (£1.92m). There is an extraordinary credit of £1.48m (£17,000) including realisation of prior year revaluation surpluses £1.95m. Earnings per share are down from 9p to 4.1p.

Henry Boot at £1.88m: pays same

PRE-TAX profit for Henry Boot and Sons improved in 1981 to £1.88m, from £1.7m, on turnover slightly up to £92.47m from £91.54m.

Profits were £239,000 after six months, when the chairman predicted a difficult year for profit growth.

The *final dividend of 10p net* is being repeated, for a same-again total of 13p. Earnings per 50p share are given as 27.5p (27.6p).

Tax credits of £86,000 (£1.71m) made a net profit of £1.97m, against £3.41m.

Minorities credits came to £12,000 (nil). On a CCA basis, taxable profit was £1.56m, compared with £1.7m.

The company's main interests are in construction, joinery, engineering, property, foundry, plant and finance.

British Assets up to £1.76m

In the six months ended March 31 1982 net income available for ordinary shareholders in British Assets Trust rose from £1.62m to £1.76m. Gross income declined by £400,000 to £3.46m as a result of the sale *of UK government securities to* repay two U.S. dollar loans but this was more than offset by a cut in interest and expenses by £600,000 to £334,000.

A second quarterly dividend of 1.1p is declared, making 2.2p to date. For the year ended September 30 1981 the company paid a total of 4.05p. Tax took £1.27m (£1.25m) and earnings are shown at 1.89p (1.7p) per share.

At March 31, net asset value was 117.5p, compared with 119.3p at September 30 1981.

ASSOC HEAT

Underwriting is in progress for the offer for sale by tender of Associated Heat. Some 40 per cent of the ordinary share capital, or 3,200,000 ordinary shares, will be offered by way of tender. The prospectus will be advertised on Monday and the application list will open on May 7.

S. G. Warburg, the merchant bank, is advising the company, whose stockbrokers are Rowe and Pitman.

GRA GROUP

The GRA Group, the greyhound racing business, granted a full relisting on the stock market earlier this week, will begin trading this morning. Brokers to GRA are Rowe and Pitman.

THE TRING HALL USM INDEX

122.1 (+1.0)

Close of business 29/4/82

BASE DATE 10/11/80 100

Tel: 01-638 1591

LADBROKE INDEX

Close 577-582 (+4)

UK COMPANY NEWS

Hoover losses reduced to £1.9m in first quarter

ENCOURAGING improvements in Europe are reported by the directors of Hoover and group losses in the first three months to March 31 1982 show a reduction from last time's £3.4m to £1.92m.

Although market conditions remain difficult it is expected that lower cost base and the introduction of new products will improve the financial position as the year continues.

Profitability was restored in Europe, they say, as a result of a continuing improved sales trend and the effect of reducing costs as part of the group recovery programme. Trading conditions in Australia were adversely affected by national labour unrest, electricity restrictions and rising interest rates.

In the UK, the severe weather in January had a significant adverse effect on sales. However, a satisfactory level was restored in February and March.

In spite of continuing difficult marketing conditions, improved sales were achieved in many overseas countries following the successful introduction of new products.

The major re-organisation plan in the UK is progressing but the full benefits of manufacturing at only two plants will not be obtained until the closure of Perivale is completed by mid-year (as planned) and the company concludes a plant agreement with the Cambuslang employees.

First quarter sales of this maker of domestic appliances were down by £6.59m to £44.39m. Trading losses of £916,000 (£160,000) were made up of the company and its subsidiaries at £1.08m (£25,000), and 50 per cent of Hoover (Holland) and its subsidiaries profits of £167,000 (loss £135,000).

Group pre-tax profits were struck after higher interest charges of £1m (£612,000). Redundancy and other rationalisation costs last time accounted for £2.63m.

Tax took less at £286,000 (£449,000) and losses per share are given as 11p (19p).

Comparative figures have been stated in line with the accounting policy whereby translation differences are taken directly to reserves.

● comment

Hoover's "dynamic new beginning" is getting off to a slow start. Sales slipped badly in the first quarter, mainly due to the foul weather in January, however, rather than any dramatic underlying downturn in business. Losses have been reduced, but by no means stemmed. The slimmer, smaller version of Hoover is still expected to improve this year and possibly break even by its end. At the moment, industrial relations remain key to this scenario. The company is fighting for a wage freeze in Scotland, but on Tuesday production was halted by an electricians strike. The shares, up 5p to 105p, compared with net asset value of 385.7p, continue to discount these and other problems.

Hoover U.S. results, Page 26

Good second half boosts Hopkinsons

THE SHARP recovery seen by Hopkinsons Holdings at midyear continued through the second six months and for the year to January 29 1982 the group returned taxable profits of £3.49m, compared with £1.65m.

First half profits were £1.68m, against a loss of £94,000 previously.

The directors are proposing a scrip issue on a one-for-six basis and state that a final dividend of 4.15p will be paid on the enlarged capital, making a net total equal to 5.4967p, which compares with an equivalent of 4.8428p.

Full year turnover of the group, which makes boiler mountings and valves, improved to £54.71m (£44.01m) and trading profits were £3.71m (£2.12m).

The pre-tax figure was struck after bank interest less investment income of £221,000 (£468,000). Tax took £861,000 this time against a credit of £15,000.

At the attributable level profits were £941,000 ahead at £2.61m, equal to stated earnings per share of 23.11p (14.7p).

Current cost accounting reduces the taxable surplus to £937,000 (£391,000 loss).

● comment

The previous year's cost cutting and tighter financial management helped pull Hopkinsons out of its profit trough in 1981-82. Pre-interest profit margins were nudged up 2 points to 6.8 per cent though still way below the level of the golden years of 1977 and 1978. Better stock control and restoration of the debtor/creditor balance showed through in lower borrowings with benefit to interest costs. Though now fitter and slimmer the company is still operating at nowhere near its potential capacity. While the home market remains weak it must continue to chase more overseas business — which amounts to at least 43 per cent of total sales. But to do this it must be of a size to capture subcontract work for the large overseas contracts. It is having some success here but the group is looking to 1983 for any significant upturn in its performance. Yesterday the shares rose 8p to a 12-month high of 120p, yielding 7.5 per cent cum scrip.

BOARD MEETINGS

The following companies have notified dates of board meetings to the Stock Exchange. Such meetings are usually held for the purpose of considering dividends. Official indications are not available as to whether dividends are interims or finals and the sub-divisions shown below are based mainly on last year's timetable.

TODAY

Interim:—Fitzwilton

Finals:—Ayrshire Metal Products, Belgrave (Blackheath), Boosey and Hawkes, Bremner, Brown Boveri Kent, Clayton Son, Cole Group, Davies and Newman, P. and W. MacLellan, Sunlight Service, James Wilkes.

FUTURE DATES

Interims—

Associated Paper Industries	May 11
Borthwick (Thomas)	May 11
Concentric	May 20
Cowie (T.)	May 6
Goodwin	May 7
Hepworth (J.)	May 7
Kelsey Industries	May 25
Moss Engineering	May 6
North Atlantic Securities	May 12
Pochin's	May 7
Scottish National Trust	May 25
Tate and Lyle	May 26
Walco	May 7
Whessoe	May 11

Finals—

Elbar Industrial	May 5
French Kier	May 4
Henderson (P. C.)	May 5
Metal Box	June 7
Mowlem (John)	May 5
Platinum	May 6
Porter Chadburn	May 13
Sainsbury (J.)	May 5
Scottish Heritable Trust	May 6
Seccombe Marshall & Campion	May 13
Shires Investment	May 11
600 Group	June 10
Sound Diffusion	May 4
Sumner (Francis)	May 6
Tiger Oats and National Milling	May 9
UDS	May 6

Weir sees broadly similar year

THE RECOVERY of Weir Group, the engineering foundries and water plant concern, has been rapid, Sir Francis Tombs, the chaiman, confirms in his annual statement.

He points out that the gains made are now being consolidated and the group is in good shape to benefit from any improvement in domestic or world trade. Even if no such improvement occurs in 1982, Sir Francis expects group results for the year to be "broadly similar" to those for 1981.

He is confident that the efforts which made the recovery possible will remain undiminished, providing prospects for "some modest improvement."

However, the chairman warns that conditions in UK engineering remain difficult and that the recession at home is showing no signs of abating, at least in relation to capital goods. He adds that the increasing export business which the group needs has to be obtained in developing new markets and extending established ones in the face of intense competition.

As reported on March 31 the group turned a pre-tax loss of £3.25m the previous year into a profit of £3.3m in the 12 months to January 1, 1982. Dividends totalled 1.85p (nil) per 25p share.

With the group now operating on a stable basis Sir Francis regards the final dividend of 1.75p as "a prudent earnest of confidence in the future."

Sir Francis says the potentially disastrous situation at the end of 1980 . . .was averted by a group capital reconstruction. This reconstruction was accompanied by a provision by a consortium of banks of medium-term credit facilities of £12m, overdraft facilities of £8.6m and bonding facilities of £17.1m. Also FFI (UK Finance) deferred until 1988 the repayment of £1.6m due in 1981.

As part of the reconstruction a far-reaching credit agreement and a trust deed were completed with the banks which imposed, and continues to impose, extensive constraints on the group's freedom of commercial action but as it continues its return to prosperity removal of these constraints will be a major objective.

The annual meeting will be in Glasgow May 26.

Shiloh reduces deficit

DESPITE disastrous trading conditions, made worse by a further deterioration in margins caused by even more severe competition from imports, Shiloh Spinners has reduced its operating loss in the year ended March 27, 1982 from £295,542 to £166,246. Again there is no dividend.

As a result of the two mill closures the directors feel it should be possible to contain the situation more effectively in the coming year, "but there is still no sign of any improvement on the spinning side." Cost of the closures came to £273,670.

Group turnover for the year was little changed at £8.54m. The loss was struck after depreciation of £109,155 (£125,492), bank interest £101,350 (£113,716), and re-organisational costs £45,422 (nil). There is no tax this time, against a credit of £117,934.

Remedies begin to show through at Downiebrae

ACTION taken in the first half at Downiebrae Holdings, maker of steel profiles and pipe flanges, was vindicated with second half losses being contained at £27,000 according to Mr W. Peacock, chairman. The total loss for 1981 was £221,000.

In the previous second half losses stood at £2,000, and the full year surplus was £205,452.

The directors are again not recommending a dividend—the last payment was an interim of 0.9p last year.

"Prospects for 1982 remain uncertain," says Mr W. Peacock, "though the rate of improvement apparent in the latter part of 1981 has continued in the first quarter of 1982." He adds that the group's facilities are geared for a considerable increase in volume.

Should trading factors continue to improve, the directors intend to resume the payment of dividends.

The disposal of two companies in February has helped reduce borrowings from £939,000 to £615,000 and has severed company connections with the non-ferrous scrap industry. This was also the reason for a reduction in turnover from £4.95m to £3.14m. Volume in the engineering division remained static with reduced margins.

Depreciation this time came to £124,000. There was a tax credit of £551 (debit £5,164) and a deferred tax credit of £33,704 (charge £28,984).

The deficit taken to reserves emerged at £187,764, against a previous surplus of £106,341. There were no stated earnings per share this time — last time earnings per 10p share were given as 2.8p.

On a curren tcost basis pre-tax losses were higher at £382,077.

S. Simpson back in the black

REFLECTING THE benefits of reorganisation, S. Simpson, tailor and clothier, has swung back into profit with pre-tax figures of £235,000 for the half-year to January 31 1982. In the corresponding period last year this "close" company incurred losses of £387,000 and blamed the "considerable costs" of reorganisation. Turnover rose from £10.66m to £11.16m.

The interim dividend is raised from 1p to 1.3125p—last year's total was 3p from pre-tax losses of £159,000.

Tax for the first half was £80,000 against a credit of £201,000.

BANK RETURN

BANKING DEPARTMENT

	Wednesday April 28 1982 £	Increase (+) or Decrease (—) for week £
Liabilities		
Capital	14,553,000	
Public Deposits	25,572,031	— 1,979,758
Bankers Deposits	671,933,146	+ 14,574,881
Reserve and other Accounts	1,656,535,989	+ 17,787,775
	2,289,595,185	+ 30,382,703
Assets		
Government Securities	467,022,755	+ 120,345,000
Advances & other Accounts	1,116,796,575	— 146,182,325
Premises Equipment & other Secs.	685,404,957	+ 55,185,446
Notes	20,147,877	+ 6,980,214
Coin	223,093	+ 14,794
	2,289,595,185	+ 30,382,703

ISSUE DEPARTMENT

	£	£
Liabilities		
Notes issued	10,650,000,000	
In Circulation	10,629,852,123	+ 6,980,214
In Banking Department	20,147,877	— 6,980,214
Assets		
Government Debt	11,015,100	
Other Government Securities	2,628,894,815	+ 112,844,578
Other Securities	8,010,090,085	— 112,844,578
	10,650,000,000	

BASE LENDING RATES

A.B.N. Bank	13 %	Grindlays Bank	‡13 %
Allied Irish Bank	13 %	■ Guinness Mahon	13 %
American Express Bk.	13 %	■ Hambros Bank	13 %
Amro Bank	13 %	Heritable & Gen. Trust	13 %
Henry Ansbacher	13 %	■ Hill Samuel	§12 %
Arbuthnot Latham	13 %	C. Hoare & Co.	†13 %
Associates Cap. Corp.	13 %	Hongkong & Shanghai	13 %
Banco de Bilbao	13 %	Kingsnorth Trust Ltd.	14 %
BCCI	13 %	Knowsley & Co. Ltd.	13½ %
Bank Hapoalim BM	13 %	Lloyds Bank	13 %
Bank Leumi (UK) plc	13 %	Mallinhall Limited	13 %
Bank of Cyprus	13 %	Edward Manson & Co.	14 %
Bank Street Sec. Ltd.	14 %	Midland Bank	13 %
Bank of N.S.W.	13 %	■ Samuel Montagu	13 %
Banque Belge Ltd.	13 %	■ Morgan Grenfell	13 %
Banque du Rhone et de la Tamise S.A.	13½ %	National Westminster	13 %
Barclays Bank	13 %	Norwich General Trust	13 %
Beneficial Trust Ltd.	14 %	P. S. Refson & Co.	13 %
Bremar Holdings Ltd	14 %	Roxburghe Guarantee	13½ %
Brit. Bank of Mid. East	13 %	E. S. Schwab	13 %
■ Brown Shipley	13 %	Slavenburg's Bank	13 %
Canada Perm't Trust	13½ %	Standard Chartered	‖13 %
Castle Court Trust Ltd.	13½ %	Trade Dev. Bank	13 %
Cavendish G'ty T'st Ltd.	14 %	Trustee Savings Bank	13 %
Cayzer Ltd.	13 %	TCB Ltd.	13 %
Cedar Holdings	13 %	United Bank of Kuwait	13 %
■ Charterhouse Japhet	13 %	Whiteaway Laidlaw	13½ %
Choulartons	13½ %	Williams & Glyn's	13 %
Citibank Savings	¶12¼ %	Wintrust Secs. Ltd.	13 %
Clydesdale Bank	13 %	Yorkshire Bank	13 %
C. E. Coates	14 %		
Consolidated Credits	13 %		
Co-operative Bank	*13 %		
Corinthian Secs.	13 %		
The Cyprus Popular Bk.	13 %		
Duncan Lawrie	13 %		
Eagil Trust	13 %		
E.T. Trust	13 %		
Exeter Trust Ltd.	14 %		
First Nat. Fin. Corp.	15½ %		
First Nat. Secs. Ltd.	15 %		
Robert Fraser	14 %		

■ Members of the Accepting Houses Committee.
* 7-day deposits 10%, 1-month 10.25%. Short term £8,000/12 month 12.8%.
† 7-day deposits on sums of: under £10,000 10¼%, £10,000 up to £50,000 11%, £50,000 and over 11½%.
‡ Call deposits £1,000 and over 10%.
§ 21-day deposits over £1,000 11¼%.
¶ Demand deposits 10¼%.
‖ Mortgage base rate.

UK COMPANY NEWS

Builder's scheme sanctioned

THE SCHEME of Arrangement set up by the joint receivers of *Northern Developments (Holdings)*, the second biggest housebuilding company in the UK when it collapsed in 1975, has been sanctioned by the High Courts in England and Northern Ireland and the Court of Session in Scotland. The Scheme became effective on March 31.

Details of the Scheme were published in December by two of the joint receivers, Mr Rupert Nicholson and Mr Jim Butler of accountants Peat, Marwick, Mitchell. They said yesterday that Northern Developments had been a *lengthy and* complicated group receivership —involving some 25 subsidiaries and 3,500 secured and unsecured creditors—"but the eventual outcome for all creditors is likely to be most satisfactory."

The Administrators of the Scheme are Mr Butler and Mr J. B. Barton, a third partner of Peat, Marwick, Mitchell. Funds available for the repayment of creditors will be passed to them in consultation with a Scheme Committee and they will be responsible for their distribution.

It is intended that Priority claims—those agreed for less than £25—and Category A claims—those attaching to certain of the group's subsidiaries which appear solvent—will be immediately paid in full according to dividend announcements by the committee on April 7. Other claims will be half paid immediately in agreements with the balance to be paid "as asset realisations proceed."

David Scott closing shoe operations

The David Scott Group is to close its shoe manufacturing operations in August with a loss of 320 jobs and a view to reducing its high bank borrowings.

The company was unavailable for comment last night but it is understood that the decision to end shoe manufacturing and to sell the wholesale distribution business was unconnected with the acquisition of 20.77 per cent of the company's equity by First Hambli, which is a privately owned Northamptonshire based garage chain.

Before the announcement was made trading in David Scott shares was suspended, but on resumption the price fell 1½p to close at 23p. The company intends to concentrate its efforts in the future on industrial heating equipment and promotional giftware.

David Scott incurred a pre-tax loss of £567,000 for the six months to July 1981 and omitted the interim dividend.

The company mainly produces medium priced men's shoes and has not developed its other non-footwear activities to the point where they could have offset the shoe business losses.

ASSOCIATES DEAL

Morgan Grenfell as an associate of Redland is purchased on behalf of discretionary clients 65,000 Redland ordinary at £1.73.

BIDS AND DEALS

Tenneco launches big divestment programme

BY SUE CAMERON, CHEMICALS CORRESPONDENT

TENNECO, THE U.S. conglomerate, yesterday announced the launch of a $400m (£224m) divestment programme.

The group also confirmed that oen of its first sales would be the Bush Boake Allen flavours and fragrances division of Albright and Wilson, its UK chemicals subsidiary, which is being bought by Union Camp of the U.S.

Tenneco also plans to sell oil and gas properties in Canada and said it hoped deals on these would be completed soon. The divestment programme will centre on businesses which it believes do not have strong profit potential.

Last night, none of the companies involved would say how much was being paid for Bush Boake Allen. Analysts estimate that the price is likely to be about £15m, but some suggest £25m.

Tenneco *is* known to be anxious to reduce its high interest charges and to raise extra cast to invest in its more *profitable businesses.*

There has been speculation that it would try to sell off the whole of Albright and Wilson, which it bought only in 1978, particularly as its chemicals operations have been showing a low return compared to some of its other businesses.

But yesterday Tenneco said it intended to continue and develop Albright's other businesses and did "not contemplate any further sals of Albright and Wilson divisions."

Bush Boake Allen had sales of £63.9m last year and a trading profit of £2.3m. It employs 2,000 people and its headquarters is at Walthamstow *in* East London. It has substantial overseas interests, including a U.S. subsidiary with plants in New York and New Jersey.

Union Camp, primarily a pulp and paper concern with chemical interests, had sales last year of *$1.7bn (£952m) and net profits* of $168.9m. The group already has a fragrances intermediate plant at Jacksonville in Florida, which has recently been expanded.

The company is keen to expand overseas, particularly in Europe. This year it bought a tall oil plant in the North East of England from BOC.

The sale of Bush Boake is subject to any necessary approval from governments and from the boards of Tenneco, Albright and Union Camp.

Albright said yesterday that Union Camp's raw materials position and Bush Boake's expertise in flavours and fragrances would "make a strong combination."

£1m Fountain buy-out

A £1m management buy-out has been arranged for the sale of **Fountain Forestry**, the forestry management subsidiary of Stewart Wrightson Holdings, the insurance broking group.

Fountain Forestry's executive directors will hold the majority of the equity in the resulting new company—Fountain Forestry Holdings—while other shareholders will include Sharp Unquoted Midland Investment Trust (SUMIT), the Birmingham based venture capital concern. Fountain Forestry's pre-tax profits were £222,000 in the year to last September 30.

TRICENTROL

Tricentrol, the independent North Sea oil company, has gained acceptances from holders of 88.1 per cent of the ordinary shares of CCP North Sea Associates, the London-based oil exploration company quoted on the USM.

Tricentrol received acceptances equivalent to 6.91m existing CCP shares. The Tricentrol offer, which was recommended by the CCP board, is for 7 new Tricentrol shares and 700p cash for every 10 CCP shares. The offer deadline has been extended to May 19. CCP is valued at about £16m.

The Office of Fair Trading has told Tricentrol that the acquisition will not be referred to the Monopolies and Mergers Commission although the ordinary offer remains conditional on Energy Department assurances that the acquisition will not affect CCP's North Sea production licences.

An extraordinary meeting of CCP is to be held today on the capital reorganisation of the company prior to the takeover becoming unconditional.

INTL. PAINT BUYS BRAZILIAN COMPANY

International Paint, the 88 per cent owned subsidiary of Courtaulds, has purchased Litovert Tintas Graficas, a Brazilian packaging coating manufacture for US$5m (£2.8m).

The acquisition boosts International Paint's presence in Brazil and it plans to manage Litovert as a separate company in addition to the existing two subsidiaries it has in the country.

Brazil accounts for some 10 per cent of the International Paint portfolio. Litovert has a modern production plant about 15 miles from Sao Paulo.

MOBEN GROUP

Shareholders of Moben Group have approved an increase in the authorised capital to 60m ordinary shares and the issue of the remaining deferred consideration of 1,719,429 shares to the vendors of Moben Home Improvements.

Sketchley on verge of pulling out

Sketchley is understood to *have failed in its attempt to gain* control of the shares in Means Incorporated, tendered to the rival bidder, ARA Services, and is on the point of bowing out of its $40.6m offer. Sketchley's $33 per share bid expires at 9.00 am New York time today and will *not be extended.*

ARA announced yesterday that the request by the U.S. Department of Justice for a temporary restraining order preventing payment for the 86 per cent of Means shares tendered to it at $37 per share had been denied *by a Federal District Court in* Columbus, Ohio.

ARA promptly brought in the shares and Sketchley now recognises that any later attempt to lodge a successful divestment order would be a substantially different proposition to a temporary restraining order.

WELBECK INVS.

An approach "which may lead to a formal offer" has been received by the board of Welbeck Investments, the financial services, textiles and printing group—formerly known as Corinthian Holdings. The shares closed up 3p at 45p. Welbeck strongly advise shareholders to take no action pending a further communication from the board.

Nearly 40% of Empire Stores committed to GUS

BY RAY MAUGHAN

Great Universal Stores has strengthened its grip on Empire Stores (Bradford) with the acquisition of a further 14.68 per cent of the catalogue mail order group.

GUS's £37m share offer, launched last week, has already been assented by the board and family interests in respect of *9.46 per cent of the equity, while* institutional holders entered into purchase and sale contracts to sell a further 15.31 per cent.

GUS now controls or can speak for 39.45 per cent of Empire and expects to publish its formal offer near the end of next week.

Sears *Holdings, which has been* watching developments closely with a view to a possible counter-bid, acknowledged yesterday that GUS's swift market action had increased the difficulty of mounting effective alternative terms, unless the deal is referred by the Office of Fair Trading to the Monopolies Commission.

GUS understands that the OFT will announce its decision in the *latter half of next month.*

GUS's financial adviser, S. G. Warburg, acquired the 14.68 per cent holding on behalf of the bidder at 113.1p per share cum dividend and sold them on at the same price. GUS issued 799,000 new "A" ordinary shares *to the merchant bank which* placed the stake.

Blackwood disposal

Blackwood Morton and Sons, the carpet manufacturer in receivership since last October, has sold its BMK Axminster, Wilton and Tufted plant at Kilmarnock to Mr John Logue, an English businessman who has worked closely with the receivers to reorganise the company.

Blackwood lost £3.75m last year and the shares were suspended at 9½p when the Royal Bank of Scotland called in two partners of Deloitte Haskins and Sells as receivers.

The Kilmarnock plant, employing 200 after sweeping redundancies, is almost the sole surviving part of the original Blackwood Morton.

Mr Logue, a former management consultant who owns his own private engineering company based in Stroud, will be BMK's *new chairman and chief* executive.

REDLAND

Due to problems with the despatch of the circular dated April 27 1982 to Redland shareholders, which contained the notice of an EGM of Redland to be held on May 20 1982, insufficient notice of this meeting was given. Accordingly a new EGM has been convened and will take place at 9.30 am on May 24 1982 at Plaisterers Hall, EC.

SHARE STAKES

English China Clays — Lord Aberconway, a director, has disposed of 25,000 ordinary shares, reducing total holding to 2,769,446 shares (less than 1.7 per cent).

Beradin Rubber Estates — Czarnikow Group has reduced its holding to 1,485,000 ordinary shares (10 per cent).

Conder International — R. T. Cole, chairman, says that discretionary family trusts, of which he is a trustee with no beneficial interest, have donated 150,000 ordinary shares to his two children. The trusts no longer hold any shares.

New-look Stewart Nairn set for return

BY RAY MAUGHAN

DEALINGS in Stewart Nairn are expected to re-start on May 24 after a suspension of almost nine months as the former hosiery and knitwear group comes back to the market in vastly different guise.

Given shareholders' approval at an extraordinary meeting on May 18, the last of the group's knitwear subsidiaries will be sold to its management, and Stewart Nairn will acquire substantial property assets in Sharjah, the third-largest member of the United Arab Emirates Federation, and in Pennsylvania.

The Sunbro Hosiery offshoot has been closed and most of its assets have been sold for cash.

The Syton Products and Maidment Knitwear companies have been sold to one of the Maidment directors for £100. The sale, for a nominal sum of these subsidiaries rather than disposal of their assets is explained by their low estimated value in relation to book costs and the likelihood *of substantial redundancy* payments.

The closures and disposals leave Stewart Nairn as a small cash shell before the injection of a property portfolio by Bukhatir Investments.

*Sharjah-based and wholly-*owned by Mr A. R. Bukhatir, the chairman of the National Bank of Sharjah. BIL is to receive £2.33m for a 50 per cent interest in Al Hambra Villas, a residential development in Eastern Sharjah, four units in Industrial Area 4 in Sharjah, and a half share in a 66½-acre industrial development site in the Great Valley Corporate Centre in Chester County, Pennsylvania.

Stewart Nairn's shares were suspended at 10p in August last year but, after a year of *continued losses and substantial* write-offs against asset disposals, the consideration for the property portfolio is to be satisfied by the issue of 31.96m new shares to BIL at 5p par value and the issue of £729,000 of subordinated convertible loan notes.

REPUBLIC OF PORTUGAL 5¾% DOLLAR BONDS 1979/84

Notice is hereby given that, in accordance with the terms of the General Bond, 1,930 Bonds of $1,000.00 nominal have been drawn for repayment at par on the 1st June 1982 in full settlement of the instalment of the Sinking Fund due 1st June 1982.

From that date interest on the bonds drawn will cease to accrue and the definitive numbers of the bonds concerned are as follows:—

Bonds of $1,000

[illegible]

Bonds drawn in the presence of Mr. R.G. Rosser, Notary Public and Mr. T.G. Abell, Director of Baring Brothers & Co. Limited, 8 Bishopsgate, London EC2N 4AE.

21st April 1982

COMPANY NOTICES

COMPAGNIE FINANCIERE DE SUEZ

SOCIETE ANONYME WITH A CAPITAL OF 1,421,698,500 FRENCH FRANCS
Headquarters: 1, Rue D'Astorg • 75008 Paris

NOTICE TO HOLDERS OF 7% CONVERTIBLE DEBENTURES DUE 1985

[illegible]

COMPAGNIE FINANCIERE DE SUEZ

GREATERMANS STORES LIMITED

NOTICE TO SHAREHOLDERS
DECLARATION OF PARTICIPATING PREFERENCE DIVIDEND NO. 13

[illegible]

TENDERS FOR GREATER LONDON BILLS

[illegible]

The County Hall, London SE1 7PB.
3rd May, 1982.

THE PHILIPPINE INVESTMENT COMPANY S.A.

Société anonyme
Registered Office:
LUXEMBOURG, 14, rue Aldringen
Registre de Commerce:
Section B No. 8.198

DIVIDEND ANNOUNCEMENT

[illegible]

The Board of Directors.

DE BEERS CONSOLIDATED MINES LIMITED

U.S.$27,500,000 8¾% 15-YEAR LOAN OF 1967
FINAL REDEMPTION

[illegible]

N. M. ROTHSCHILD & SONS LIMITED
New Court,
St. Swithin's Lane,
London EC4P 4DU.
30th April, 1982.

SOFINA

Société anonyme
Registered office:
38 Rue de Naples, Brussels
Commercial Register of Brussels
No. 270164

[illegible]

F. & C. ATLANTIC FUND S.A.

Registered Office:
LUXEMBOURG, 14, rue Aldringen
Registre de Commerce:
Luxembourg Section B 8198

DIVIDEND ANNOUNCEMENT

[illegible]

The Board of Directors.

DAIWA SEIKO INC.

NOTICE TO EDR HOLDERS

[illegible]

ROBERT FLEMING & CO. LIMITED,
Depositary.
London,
30th April, 1982.

LONDON TRADED OPTIONS

April 29, Total Contracts 1772 Calls 1419 Puts 353

Option	Ex'rcise price	July Closing offer	July Vol.	Oct. Closing offer	Oct. Vol.	Jan. Closing offer	Jan. Vol.	Equity close
BP (c)	260	72	10	78	—	—	—	322p
BP (c)	300	34	8	44	5	52	—	"
BP (c)	330	16	8	24	—	30	—	"
BP (c)	360	6	20	13	—	—	—	"
BP (p)	260	3	10	5	—	—	—	"
BP (p)	280	5	10	10	—	—	—	"
BP (p)	300	11	11	18	—	24	30	"
CU (c)	120	19	5	22	—	27	—	130p
CU (c)	130	13	10	17	—	21	—	"
CU (c)	140	9	37	13	8	17	—	"
Cons. Gld (c)	390	25	—	35	1	45	—	389p
Cons. Gld (c)	420	13	—	20	4	25	—	"
Cons. Gld (c)	460	6	1	10	—	—	—	"
Cons. Gld (p)	390	26	33	37	—	45	—	"
Ctlds. (c)	80	12	19	15	—	18	—	85p
Ctlds. (c)	90	5½	44	10	—	13	4	"
GEC (c)	800	85	4	107	—	135	—	854p
GEC (c)	850	47	6	74	4	87	—	"
GEC (p)	800	19	18	24	3	30	—	"
GEC (p)	850	32	6	37	3	50	—	"
Gr'd Met. (c)	180	34	16	37	—	22	—	210p
Gr'd Met. (c)	200	17½	21	22	—	27	—	"
Gr'd Met. (c)	220	6	—	12	10	16	—	"
Gr'd Met. (p)	200	10	11	12	10	18	—	"
ICI (c)	280	48	—	53	—	—	—	316p
ICI (c)	300	30	26	40	3	50	—	"
ICI (c)	330	16	46	22	—	30	5	"
ICI (c)	360	5	35	12	13	—	—	"
ICI (p)	300	8	1	14	—	17	—	"
ICI (p)	330	22	25	26	—	30	—	"
Land Sec. (c)	280	20	43	30	—	36	—	285p
Land Sec. (c)	300	13	23	20	—	26	—	"
Land Sec. (c)	330	5	5	10	3	—	—	"
Mks & Sp. (c)	130	34	—	37	2	—	—	162p
Mks & Sp. (c)	140	24	76	27	3	31	—	"
Mks & Sp. (c)	160	9½	84	13	57	17	3	"
Shell (c)	360	65	—	70	—	75	—	412p
Shell (c)	390	36	18	46	—	54	1	"
Shell (c)	420	20	2	26	1	34	—	"
		May		August		November		
Barclays (c)	420	27	3	48	—	58	—	446p
Barclays (c)	460	5	3	22	3	35	—	"
Imperial (c)	70	25	1	32½	—	—	—	98p
Imperial (c)	80	18	50	22½	1	26	14	"
Imperial (c)	90	8½	5	15	64	18	12	"
Imperial (c)	100	1½	13	8½	68	12	41	"
Imperial (p)	100	4	—	7	—	9	—	"
Lasmo (c)	280	72	1	87	—	100	—	549p
Lasmo (c)	300	52	—	67	5	82	—	"
Lasmo (c)	330	27	6	47	3	65	—	"
Lasmo (c)	360	11	4	30	—	50	—	"
Lonrho (c)	70	2½	4	6	2	9	5	68p
Lonrho (c)	80	½	—	3	30	—	—	"
Lonrho (p)	70	3	70	5	8	—	—	"
Lonrho (p)	80	13	20	15	—	14	—	"
P & O (c)	110	30	6	—	—	—	—	139p
P & O (c)	120	20	56	26	5	30	—	"
P & O (c)	130	12	22	18	1	21	—	"
P & O (c)	140	6	3	11	36	15	50	"
Racal (c)	360	35	118	50	51	48	—	400p
Racal (c)	420	2	12	15	16	—	—	"
Racal (p)	390	4	19	18	—	15	—	"
Racal (p)	420	5	8	18	—	20	—	"
RTZ (c)	420	35	11	53	—	67	—	449p
RTZ (c)	460	11	—	32	1	42	1	"
RTZ (c)	500	2	—	15	1	—	—	"
RTZ (p)	420	5	—	12	27	22	—	"
RTZ (p)	460	25	1	34	—	42	—	"
Vaal Rfs. (c)	45	3½	10	5½	—	7	—	$46
Vaal Rfs. (p)	45	2¾	30	4	—	6½	—	"

C=Call P=Put

EUROPEAN OPTIONS EXCHANGE

Series		May Vol.	May Last	Aug. Vol.	Aug. Last	Nov. Vol.	Nov. Last	Stock
GOLD C	$325	4	32	4	48	—	—	$347.75
GOLD C	$350	10	14.50 A	22	32	—	—	"
GOLD C	$375	73	4.50	15	23	—	—	"
GOLD C	$400	20	2.80	44	13 A	—	—	"
GOLD C	$425	—	—	26	8	—	—	"
GOLD C	$475	20	0.50	—	—	—	—	"
GOLD P	$300	25	0.80	—	—	—	—	"
GOLD P	$325	—	—	10	11	29	14.50	"
GOLD P	$350	32	11	13	18.50	—	—	"
GOLD P	$375	8	25	—	—	24	32	"
GOLD P	$400	—	—	—	—	5	50 B	"
12¾ NL 81 87-91								
C	F.110	—	—	232	5.40 B	2	5.50	F.115.40
C	F.112.50	5	2.90	67	3	50	3.40	"
C	F.115	—	—	14	1.80	100	2.40	"
P	F.115	—	—	—	—	5	2	"
10¾ NL 80 86-95								
C	F.102.50	—	—	5	2.40	—	—	F.103.20
11¼ NL 82 88-92								
C	F.100	—	—	100	4.90	—	—	F.104.90
C	F.102.50	148	2.20	437	2.80 B	—	—	"
C	F.105	95	0.60	72	1.40	100	2 B	"
C	F.107.50	—	—	10	0.60	33	1.20	"
		July		Oct.		Jan.		
ABN C	F.300	4	4	—	—	—	—	F.302
ABN P	F.280	16	2.60	—	—	—	—	"
AKZO C	F.27.50	35	2.50	10	3.20	15	3.50	F.29.50
AKZO C	F.30	52	0.90	25	1.80	—	—	"
AKZO C	F.32.50	10	0.40	4	1	12	1.40	"
AKZO P	F27.50	29	0.70	—	—	—	—	"
AKZO P	F.30	—	—	5	2.60	50	5	"
AMRO C	F.50	25	4.70	7	4.70	5	5	F.54.70
AMRO C	F.55	—	—	6	1.50	—	—	"
HEIN C	F.55	—	—	6	5.30	—	—	F.58.40
HEIN C	F.60	—	—	5	2.50	—	—	"
HEIN P	F.50	—	—	30	1.20	—	—	"
HOOG C	F.17.50	90	0.90	25	1.50	10	2	F.17.20
HOOG P	F.17.50	—	—	40	1.70	10	2	"
IBM C	$55	5	10⅝	—	—	—	—	$64⅝
KLM C	F.90	—	—	5	21.50	—	—	F.105
KLM C	F.100	10	10	—	—	—	—	"
KLM C	F.110	27	5.80	—	—	—	—	"
KLM C	F.120	69	3	16	5.30	—	—	"
KLM P	F.80	85	0.90	—	—	—	—	"
KLM P	F.90	17	1.40	—	—	—	—	"
KLM P	F.100	9	4	—	—	—	—	"
NEDL C	F.120	60	7	—	—	—	—	F.125
NEDL C	F.130	85	1.90	—	—	—	—	"
NEDL P	F.110	8	3.50	—	—	—	—	"
NEDL P	F.120	45	9	—	—	—	—	"
NEDL P	F.130	25	15.50 A	—	—	—	—	"
NATN C	F.115	15	2.80	—	—	—	—	F.117.10
PETR C	Fr.5000	15	30	—	—	—	—	Fr.4655
PHIL C	F.22.50	30	2.50	—	—	—	—	F.24.80
PHIL C	F.25	20	0.90	15	1.50	26	2	"
PHIL C	F.27.50	69	0.30	81	0.60 A	45	0.90	"
PHIL P	F.22.50	93	0.40	4	0.50	4	0.80	"
PHIL P	F.25	60	1.50	5	1.60	—	—	"
RD C	F.80	30	12	—	—	—	—	F.91.60
RD C	F.90	58	3.60 A	—	—	—	—	"
RD C	F.100	98	0.90	89	1.80	16	2.80 A	"
RD P	F.80	—	—	10	1.30 B	10	2	"
RD P	F.90	65	4	—	—	—	—	"
UNIL C	F.160	48	1.70	—	—	—	—	F.157
UNIL P	F.150	15	4.20	—	—	—	—	"
		May		Aug.		Nov.		
SIEM C	DM.240	—	—	5	1.50	—	—	DM219.70

TOTAL VOLUME IN CONTRACTS: 3969

A=Asked B=Bid C=Call P=Put

RESULTS AND ACCOUNTS IN BRIEF

FRIZZELL GROUP (insurance, finance)—Results for 1981. Pre-tax profits £3.16m (£2.54m): extraordinary credits £112,000 (debits £294,000): attributable profits £1.49m (£851,000): earnings per share 8.7p (7.2p): dividend 2.75p (2.5p). Fixed assets £2.14m (£2.14m): net current assets £3.98m (£2.28m): shareholders' funds £9.18m (£8.04m). Chairman's emoluments £68,870 (£64,369).

S. JEROME & SONS (HOLDINGS)—textile manufacturer and electrical communication group—Results for 1981 and prospects reported April 6. Total share capital and reserves £3.67m (£3.49m). Fixed assets £2.18m (£2.09m); net current assets £1.93m (£1.77m). Increase in working capital £286,000 (£57,000). Meeting: Bramhope, May 20, 12.30 pm.

CHARLES HILL OF BRISTOL (civil engineer, property developer, etc).—Results for 1981 reported April 13. Shareholders' funds £1.81m (£2.22m): fixed assets £1.46m (£1.48m); net current assets £266,970 (£832,831): decrease in net liquid funds and short term borrowings £236,514 (£362,430 increase). Meeting: 100, Old Broad Street, EC, May 20, 11 am.

LEC REFRIGERATION (refrigerator manufacturer)—Results for 1981 published April 8. Shareholders' funds £12.38m (£10.23m), fixed assets £3.91m (£2.82m), net current assets £8.36m (£7.39m), increase in working capital £862,000 (£386,000). Meeting, Bognor Regis, May 21, 11.30 am.

TOWLES (hosiery and knitwear maker)—Results for year to February 28 1982: Dividend 2.1p (same). Turnover £10.92m. Trading profit £151,000. Extraordinary item £75,000, profit on sale of trade investments. Tax credit £15,000.

Companies and Markets

MINING NEWS

Energy interests keep Newmont in profit

BY GEORGE MILLING-STANLEY

BOOSTED BY its energy interests, Newmont Mining of the U.S. has reported a profit for the first quarter of this year, in sharp contrast to other major north American mining companies.

Net profits came out at $11.81m (£6.65m) or 43 cents a share, compared with $30.77m or $1.18 a share in the first quarter of 1981. The latest results actually represent an advance against the last three months of last year, when Newmont had net profits of $8.7m.

Newmont said that the first quarter performance reflects the continuing and deepening worldwide economic recession. In common with most other copper producers in the world, several of the company's copper interests reported losses owing to poor demand and low prices, which continued to fall during the quarter.

The company pointed out that the price of gold also declined, but the gold operations remained profitable. The energy divisions did well, and are expected to be major contributors throughout the rest of the year.

The quarterly dividend has been reduced to 25 cents a share from the previous regular level of 40 cents, in spite of the comparatively encouraging performance. The directors said they were influenced by the lower level of earnings and the poor outlook for metal prices.

London's Consolidated Gold Fields has reason to be pleased with its decision to invest a significant amount of money in Newmont, which has taken the UK group's interest to 22 per cent. This will rise to 26 per cent some time after this September if Gold Fields carries out its stated intentions.

There has been some criticism of the decision to invest in Newmont but in fact the U.S. company has outstripped most of its peers in the north American natural resources market over the past three months.

For example, the two biggest silver producers in the U.S. have both reported losses for the first three months of the year.

The larger of the two, by virtue of its takeover of Day Mines last year, is Hecla Mining, which lost $1.06m, against a profit last time of $3.62m.

The company said the loss was due to declining sales, which resulted from poor industrial demand for silver, lead and zinc.

Sunshine Mining, previously the biggest producer in the U.S. until it was overtaken by Hecla, reported a net loss of $461,000 or 2 cents a share, compared with a profit of $1.77m or 10 cents in the first quarter of last year.

East Dagga in new hands

A RELATIONSHIP of 50 years came to an end yesterday, when Anglo American Corporation of South Africa formally relinquished its appointment as technical advisers and secretaries to East Daggafontein Mines.

Anglo, which has acted for the Transvaal mine since its inception as a gold producer in 1932, gave up its position at the annual meeting at the request of Mr Adolf Lundin and his associates.

This group now controls at least 34 per cent of East Dagga's voting stock, against just 13 per cent for the Anglo camp, and secured the removal of all the existing directors and their replacement by its own nominees at yesterday's annual meeting.

Mr Lundin, a Swedish businessman based in Switzerland, has previously been involved with the Canadian-based energy concern Gulfstream Resources, and with a silver mining venture in Mexico.

He told the meeting that he would continue East Dagga's current undertakings, and would seek new sources of finance for the company.

East Dagga produced gold from its underground workings until 1976, when this became uneconomic. Since then, its principal source of revenue has been royalties and tributing agreements with other mines, at present Grootvlei and Marievale.

The company has acquired a 23 per cent interest in Bonanza Gold Mine, which was established in 1977 to conduct a small-scale mining operation on East Dagga's land. This company is controlled by the South African copper and industrial group Messina (Transvaal) Development.

Approval for Cornish tin mine

CORNWALL'S county council has given formal planning permission for a full-scale tin mining operation over the next 60 years at the newly-reopened Wheal Concord mine near Redruth, reports our Bodmin correspondent.

The planning committee was told that up to 1,000 tons of ore a week will be transported by road for milling at the Rio Tinto-Zinc group's Wheal Jane mine, five miles away.

The management of the independently-owned Wheal Concord said that a full-scale mining operation would result in an eventual increase in the workforce from the present 42 to around 150.

Rio Algom profits fall

Canada's Rio Algom, 52.7 per cent-owned by London's Rio Tinto-Zinc group, reports consolidated net earnings of C$9.13m (£4.21m) for the first quarter of this year.

In the same period last year Rio Algom earned net profits of C$19.22m. Earnings per share of 58 cents compare with C$1.27 a year ago.

The decline in first-quarter profits reflects the poor performance of the Rio Algom's 68.1 per cent-owned Lornex copper-molybdenum mine which last week announced a loss of C$1.02m in the first quarter.

In addition, Rio Algom's uranium earnings were slightly lower because of increased operating costs.

Philippines to aid metal producers

THE GOVERNMENT of the Philippines is putting together a package of financial assistance for its beleaguered mining industry, according to Mr Jaime Laya, governor of the central bank.

He said the Government had decided on the move so that the country's copper and gold producers were not forced to sell at "ridiculous prices," and could thus avoid closures and redundancies. They should then

Most of the world's copper producers are currently operating at a loss, including Atlas Consolidated, one of the country's big five and generally ranked among the more efficient operations.

COMMODITIES AND AGRICULTURE

EEC farm price compromise plan

BY LARRY KLINGER

THE EEC's agriculture ministers yesterday began negotiating a new set of compromise proposals. This would give Europe's 8.7m farmers record guaranteed price rises at projected extra cost to the EEC budget of at least £812m, or nearly double that for the Commission's original proposals.

While the estimated cost of the programme immediately drew a hostile reaction from several member states, notably of Britain and West Germany, it was equally clear that eventual agreement could be very close indeed to the latest compromise.

West Germany, Britain, the Netherlands and Denmark will all be challenging aspects of the compromise, and the Commission has promised to provide detailed cost breakdowns coupled with an explanation of the assumptions on which its estimates are based.

The Commission provisionally estimates the extra cost of the proposals as they now stand at £812m, against £417m for its original proposals. Total EEC support spending this year is estimated at around £7.7bn. Mr Poul Dalsager, the Commissioner for Agriculture, said the cost of the measures for this year could be contained in existing spending commitments and that the cost over 12 months would contain the growth in agriculture spending to below that in overall EEC income.

However, a record price award of between 10.5 per cent and 11 per cent seems on the cards, with this possibly being increased by up to 18 per cent for some countries through changes in the EEC agri-monetary, or "green currency" system.

Mme Cresson of France and Sr Guiseppe Bartolomei, the Italian minister, also need to take home a new wine marketing agreement, but this is also being blocked by Britain and West Germany on the grounds of its possible cost and the proposed buying-up of table wine into public stocks for the first time.

The prospect of widespread protest demonstrations grew yesterday with farmers in West Germany and Belgium blocking temporarily road access to Luxemburg. COPA, the EEC farmers' organisation, yesterday called for further protests to be organised, raising the prospect of a European-wide demonstration in Brussels for the next foreign ministers meeting.

Main elements of the compromise proposals are:

MILK: the across-the-board 2.5 per cent tax on production would be cut to 2 per cent, with the retention of the earlier provision for a further 1 per cent reduction on the first 60,000 litres of output as an aid for small farmers. Alternative measures of aid would be studied, with the Commission required to submit a report to the member-states by the end of the year.

GREEN MONEY rates: Revaluations by West Germany of 2.9 per cent (previously 4) and the Netherlands of 2 per cent (3), a devaluation of 3.8 per cent by Greece (1) and not change for Britain (2.5 per cent revaluation).

WINE: complex arrangements aimed at establishing a guaranteed minimum price equal to 85 per cent of the EEC's notional guide price.

WHEAT: a further ½ per cent price increase for low-quality (minimum breadmaking) wheat, bringing the proposed price rise to around 7 per cent.

GREECE: the Commission would report on Greek demands "in the near future," submitting to the member-states "if necessary" proposals to "take account of the proposals to take account of the problems raised in relation to Greek agriculture."

NZ seeks lamb-for-oil deal

BY DAI HAYWARD IN WELLINGTON

A LAMB for oil deal between Iran and New Zealand will soon be finalised.

A team of New Zealand negotiators have just returned after several weeks of complicated negotiations in Tehran, confident that a contract will soon be signed. The negotiations have been going on since late last year, and a month ago the New Zealand government and the NZ Meat Board agreed to look at an "oil-for-lamb" deal.

It is understood the agreement being negotiated will be a three-way deal. New Zealand will not take physical possession of the oil but will play a hand in its sale to a third party. The proceeds will come direct to the New Zealand Meat Board in cash.

This should overcome the biggest problem hindering the signing of a new NZ-Iran lamb contract this season. Last year Iran had problems paying for the 100,000 tonnes of NZ lamb it bought and at one stage the Meat Board stopped the sailing of four loaded meat ships.

Iran's difficulties in finding foreign exchange to guarantee payments for this year's contract has prevented an earlier agreement.

Mr Adam Begg, Chairman of the Meat Board, confirmed last night that the total package included the sale of oil and purchase of NZ lamb. "But I emphasise we will be paid in international currency through the banking system. We will not have possession of the oil at any stage." Some commercial details still have to be finalised but the Meat Board officials are confident these can be resolved without too much difficulty and without the need of its negotiators returning to Tehran.

The tonnage of lamb involved could be up to 70,000 tonnes but the final quantity may depend on the case of disposing of the oil made available for the deal. Shipments of lamb to Iran could fall below the 70,000 tonnes.

Some lamb is already being killed according to Muslim rites in anticipation of the deal going through fairly soon. Ships could leave for Iran almost immediately the contract is signed. This will be a relief to the NZ meat industry, which now has problems stockpiling fresh killed lamb in cold stores.

The problems created by the delay in signing the Iran contract, which helped depress prices, was one reason why the Meat Board stepped in last month to buy all the lamb coming on to the market from the exporters. It is to be sold by a joint council of the Board and exporting companies.

Soviet coarse grain imports rise

By Our Commodities Staff

THE SOVIET UNION will have imported 23m tonnes of coarse grains to feed its livestock by the end of the current July-June crop year, 5m tonnes more than in 1980-81, the International Wheat Council has forecast. The estimate, contained in the IWC's latest world market report, is 500,000 tonnes higher than in its March report.

In Moscow, meanwhile, a senior Soviet agricultural official said special emphasis was being placed on forage grain production within the country's efforts to improve on recent poor crop performances. "Winter crops hibernated better than last year," said Mr Alexander Zholobov, chief of the Soviet Agriculture Ministry's grain section.

Commodity trade group reformed

Lonconex, ring-dealing members of the London Metal Exchange, is to be reformed, effective from May 4, to handle all the futures business in the group, which includes M. Golodetz and Primary Industries.

Michael Brown, who is to be chairman of a new parent company, Lonconex Holdings, said yesterday that over the years the group had become fragmented and it had been decided that to become more competitive the group's brokerage business in metals, "soft" commodities and financial futures should be concentrate dunder one umbrella.

Under the new arrangement M. Golodetz would continue to trade in physical commodities and Primary Industries in physical metals.

There was no change in the ownership, which remained in the hands of the Golodetz and Ginsberg families.

Larger tin output cut planned

BY WONG SULONG IN KUALA LUMPUR

MALAYSIA is seriously considering cutting back its tin exports by more than the amount sanctioned by the International Tin Council. Dr Mahathir, the Prime Minister, disclosed in Kuala Lumpur yesterday.

He did not give a figure or percentage, but said the cut would be "what the market can take."

Under the ITC export control programme, decided in London over the weekend, the seven tin producing countries, Australia, Bolivia, Indonesia, Malaysia, Nigeria, Thailand and Zaire, are to reduce exports by 4,500 tonnes or 15 per cent of their projected supply to the end of June as a last resort to check falling prices.

Malaysia, the world's biggest tin producer, was given a quota of 9,048 tonnes.

Last February, the Malaysian Prime Minister, in an interview with the Financial Times, said he wanted Malaysia to cut tin output by as much as 25 per cent over the next couple of years.

This was to conserve depleting natural resources. At the same time, efforts would be made to develop copper and other metal deposits found in the country.

The Primary Industries Ministry is now working on a plan to implement the ITC decision. Ministry officials will meet the chamber of mines to distribute quotas next week.

Meanwhile, it has been confirmed that the mining ministers from Indonesia, Thailand and Malaysia will meet in Kuala Lumpur from May 14 and 15 to discuss the tin situation.

Today is the final day for ratification of the sixth International Tin Agreement, and so far the Soviet Union and Poland have not indicated whether they will sign. The Soviet vote is crucial for the pact to operate.

Copper down sharply

BY JOHN EDWARDS, COMMODITIES EDITOR

COPPER prices dropped sharply on the London Metal Exchange yesterday following the decline in gold and continued pessimism about the outlook for the U.S. economy. Higher-grade cash copper closed £16 lower at £852.5 a tonne. But the market rallied in after hours trading.

Gold also rallied in late trading when the value of the dollar came under heavy pressure. The bullion spot price fell to a low of $348.25 at one stage before recovering to close at $350.5 a troy ounce, $1.50 down on the previous day.

On the London gold futures market the August position closed £3 lower at £201.35

FARMER'S VIEWPOINT

No room for young blood

I WAS never a member of a Young Farmers Club for the simple reason that the movement had not come into being until I was already involved in the basic facts of farming in the depression. Then there was no alternative to a seven-day grind of working, eating and sleeping.

It is perhaps an indication of the easier times through which we have been passing since the 1930s that the National Federation of Young Farmers Clubs is holding its 50th annual meeting and convention in Blackpool this weekend.

Its basic aims were educational. During the war and post-war years it was supported by the Government, primarily as a means of getting new ideas through to the farming industry which was thought to be too cautious to adopt them outright. The theory behind this thinking was that once the young had been indoctrinated, they would either nag their parents into change, or succeed them eventually as full-time farmers all primed and ready to go.

Things did not work out in quite that way. Membership was never confined to farmers' families. A proportion of urban children have always been keen on going into farming and the YFC movement provided the best sort of youth club. A mixture of education, social life and the possibility of marrying a farmer's son or daughter into the bargain.

But marriage is far from being the YFC's main consideration these days. The members are lamenting the fact that there are few chances for them to ascend the farming ladder. The main motion on the agenda at Blackpool concerns the difficulties of young farmers acquiring capital and even more importantly finding farms, however small, on which to start.

They are particularly upset by the fact that offers of rented farms have practically disappeared. For this the security given to tenants, and particularly to tenants' families, has been blamed. This security can last for two succeeding generations. As a result it is claimed landlords are unwilling to let their farms preferring to take them in hand themselves.

The Country Landowners Association and the National Farmers Union — the latter rather ambivalently — have agreed that this should be changed in a modest way and the YFC is pressing hard. So far the Minister of Agriculture has refused to inaugurate legislation on the grounds that there would be every chance that it would be reversed by a Labour Government which is contemplating including in its manifesto a proposal to nationalise rented farmland.

Whatever Labour decides Mr Walker is probably more conscious of other factors governing landlord letting decisions.

Present taxation rules are still unfavourable to earnings from landowning compared with those from farming. Rents are classed as unearned income. At the same time because of the demand for land with possession, values of a vacant farm are double that of one which is let. More important too, farming has been viable for the past 40 years or so. Under good management, his own or employed, there is no reason why it should not earn the landlord more in hand than when let.

There is also the position of tenants' sons who are hopeful of succeeding their fathers. Until the succession legislation was introduced in 1976, many of these were in a desperate state, wondering if there was going to be a chance for them to take over the farm on their father's death or retirement. Even before the legislation there were very few farms to let.

When asking for a change in legislation I have seldom seen much in the way of concrete proposals of how the position of a displaced son is to be ameliorated, nor any guarantee from the CLA that more farms would be available to rent. The general opinion among those who should know — chartered surveyors — is that only if the fiscal disadvantages of being a landlord were removed would there be much incentive for them to let more land.

John Cherrington

BRITISH COMMODITY MARKETS

BASE METALS

COPPER VALUES FELL SHARPLY on the London Metal Exchange owing to the strength of sterling.

SILVER

COFFEE

GAS OIL FUTURES

GRAINS

WOOL FUTURES

POTATOES

MEAT/VEGETABLES

RUBBER

SOYABEAN MEAL

SUGAR

COTTON

PRICE CHANGES

In tonnes unless otherwise stated.

INDICES

FINANCIAL TIMES

April 28	April 27	Month ago	Year ago
246.98	247.61	242.40	257.89

(Base: July 1, 1952=100)

MOODY'S

April 28	April 27	Month ago	Year ago
1006.2	1014.5	986.6	1101.6

(December 31, 1931=100)

DOW JONES

Dow Jones	April 28	April 27	Month ago	Year ago
Spot	126.94	127.17	124.17	—
Futr's	130.52	131.34	128.59	—

(Base: December 31 1974=100)

REUTERS

April 29	April 28	M'nth ago	Year ago
1611.9	1611.0	1596.8	1682.0

(Base: September 18, 1931=100)

GOLD MARKETS

Gold fell $1½ to $350-351 in very active London bullion trading. The metal opened at $351-351½, and was fixed at $352.00 in the morning, and $348.75 in the afternoon. It rose to a peak of $352½-353½, and fell to a low of $347½-348½ in the afternoon. Nervousness about the Falklands crisis, and fears of further outbreaks of violence in the Middle East led to a very uncertain market, with gold pushed up quite sharply towards the close as the dollar fell sharply.

In Frankfurt the 12½ kilo gold bar was fixed at DM 26,870 per kilo ($353.99 per ounce) compared with DM 27,305 ($360.03) previously, and finished at $348-351, against $353-356.

In Luxembourg the 12½ kilo bar was fixed at the equivalent of $352 per ounce, compared with $359.3.

In Zurich gold closed at $348-351, against $353-356.

LONDON FUTURES

EUROPEAN MARKETS

ROTTERDAM, April 29.

PARIS, April 29.

AMERICAN MARKETS

NEW YORK, April 29.

Wednesday's closing prices

NEW YORK, April 28.

CHICAGO, April 28.

INTERNATIONAL COMPANIES and FINANCE

Ford deficit $355m in first quarter

BY PAUL BETTS IN NEW YORK

FORD MOTOR, the second largest U.S. carmaker after General Motors, incurred a loss of $355.4m or $2.95 a share in the first quarter of this year.

The loss, less than the $439.5m deficit in the comparable 1981 quarter, was in line with U.S. car industry expectations.

Its losses from U.S. operations totalled $506m and were only partly offset by earnings of $203m from operations outside the U.S.

Ford's worldwide sales dropped to $8.92bn from $9.32bn in the same period last year. In volume terms, car and truck sales fell 5 per cent to 977,585 from 1.03m last year.

Mr Philip Caldwell, chairman, said the U.S. car industry's car sales in the quarter were the lowest in seven years. "Car and truck inventories of Ford's dealers were reduced by 105,000 units to the lowest level in 17 years," he added.

Ford plans second quarter car production in North America of 517,000 units, almost double first quarter production and truck production is expected to rise 38 per cent.

Worldwide production of about 1.3m cars, trucks and tractors planned for the second quarter is 39 per cent higher than the first quarter.

Ford's first quarter loss reflects the extremely difficult conditions of the Detroit car industry, with sales still low and margins squeezed by car company discounts and other promotions designed to stimulate sales.

Ford's $506m losses in the first quarter from U.S. operations was $111m more than in the same period last year.

The company said lower car industry volume and dealer stock reductions, which reduced this year's results by $256m, were offset partly by continuing reductions in operating costs, higher truck industry volume and an improved share of the car market. Ford's share of the domestic car market increased to 17.3 per cent in the first quarter in 1982.

Outside the U.S. and Canada, Ford earned an after-tax profit of $203m in the first quarter, against $17m a year ago.

The company attributed this to lower operating costs and higher unit volume arising from increased dealer stocks in Europe and higher car shares in most major world markets.

While unit sales were 14 per cent lower in the U.S. and 48 per cent lower in Canada, outside North America they were 10 per cent higher than the same period last year.

Overall, Ford factory car, truck and tractor sales were 5 per cent lower than last year at 998,000 units.

In Canada, its subsidiary incurred an after-tax loss of $52m compared to a loss of $61m last year.

Hoover edges back into the black

By Richard Lambert in New York

HOOVER, the U.S. domestic appliance group, has returned to the black with a net profit of $644,000, or 5 cents a share, for the first three months of 1982—its first profit after three consecutive quarters of losses during 1981. The figure is still well down on the profit of $2.1m or 17 cents a share in the opening period of 1981, but the company is now looking for improved results in the latter part of this year.

Sales in the latest period fell 18 per cent from $208.1m to $170.4m. The strength of the dollar explained just over half this downturn, while the rest stemmed from generally weak economic conditions in Hoover's main markets.

Mr Merle Rawson, chairman and chief executive, said that although the UK subsidiary reported a loss for the period, its revitalisation plans were on schedule. The U.S. activities reported lower sales and profits but taken as a group the companies in Continental Europe showed significant gains in earnings.

"Our new Sensotronic vacuum cleaners in Continental Europe and Electron washing machine in the UK are giving us a sales impetus that we anticipate will accelerate later this year when we introduce other technologically advanced vacuum cleaner and automatic washing machine models" he added.

Hoover has invested $9m recently in its factory at Dijon, France.

For the whole of 1981, Hoover made an operating loss of $55.1m in western Europe. This more than offset its operating profit in the U.S. of $31.2m.

Du Pont's Eurobond hit by deteriorating market

BY ALAN FRIEDMAN

DU PONT'S new $200m 13¼ per cent Eurodollar bond appeared to be floundering last night, the victim of a deteriorating market and a coupon widely regarded as too low.

A number of market participants, including Credit Suisse First Boston, the lead-manager, said the paper was trading at a discount of as much as 2½ per cent against its issue price of par. Du Pont bonds have been hurt by the enormous flow of new issues this week.

One co-manager said yesterday that Du Pont was "a wonderful name," but was suffering because of a "mis-priced coupon." "No matter how good a name you are, there are still limits to what you can do in the market," the manager said.

Even Swiss investors, who normally favour issues from Du Pont, are said to be reluctant to purchase this bond when they can obtain better returns on equal quality new issues in the market.

The state of the primary sector has been paramount among the factors affecting Du Pont. A total of $1.3bn of paper has been launched this week, leading to "indigestion."

Prices of recent Eurodollar bonds fell on average yesterday by ½ to 1 point in light trading. The impasse in Washington over the Reagan budget is seriously worrying the market.

The EEC is making its debut in the Samurai bond market—the Yen sector for foreign borrowers. Daiwa Securities is leading the Y20bn 10-year issue and a coupon of less than 8 per cent is likely.

Meanwhile, in the Canadian dollar sector, a C$50m five-year deal was being prepared last night for the Canadian Imperial Bank of Commerce Mortgage Corporation, a CIBC subsidiary. The coupon will be 16¼ per cent and the managers are Hambros Bank and CIBC.

Prices of Euro D-mark bonds were unchanged to slightly lower in moderate trading yesterday, while the Swiss franc bond market picked up on average by ¼ point. News of a reduction in Swiss short-term deposit rates came too late to affect trading, but should provide much encouragement today.

The Asian Development Bank is launching a SwFr 100m ten-year issue through Union Bank of Switzerland. The bonds will yield around 7½ per cent.

The Council of Europe's SwFr 60m ten-year issue was priced through Banca del Gottardo yesterday, with a 7¼ per cent coupon at par.

Kodak hit by currency translation

By Our New York Editor

EASTMAN KODAK, the world's largest maker of photographic products, suffered a 27 per cent fall in net income and a 3 per cent drop in sales for the first quarter of this year.

The company blamed bad economic conditions and foreign currency translations. Net earnings fell to $181.3m from $249.1m, or to $1.12 per share from $1.54. Operating earnings declined 29 per cent to $292.3m from $411.2m.

Worldwide sales declined from $2.31bn to $2.25bn. The new disk camera products and copier-duplicators had been well received, but no shipments were made in the first quarter, said Kodak.

Mr Walter Fallon, chairman, said many of the pressures behind the lower earnings were still at work. But he added: "If, as we expect, a consumer driven economic recovery is underway by the fourth quarter, when photographic sales are at their seasonal peak, then Kodak should conclude 1982 and begin next year on a very positive note." He expected sales and earnings comparisons to improve.

Panama stake in Kaiser Cement

BY OUR FINANCIAL STAFF

KAISER CEMENT, the seventh largest U.S. cement producer, said a company controlled by Li Ka-Shing of Hong Kong had agreed to buy a 9.5 per cent stake in Kaiser from the Henry J. Kaiser Family Foundation.

Manifact Holdings, a Panamanian concern in which Li, a Hong Kong entrepreneur and real estate investor, is a principal holder, agreed to buy the Foundation's 688,044 shares in Kaiser.

Terms were not disclosed, but based on the $18.25 closing price of Kaiser stock on the New York Stock Exchange on Wednesday, the transaction would be valued at about $12.6m.

According to Kaiser Cement, Li, who controls Cheung Kong (Holdings), the property group, said the purchase was for investment. Mr Walter E. Oesterman, Kaiser Cement's chairman, said he was pleased to welcome Manifact as a major shareholder.

The Kaiser Family Foundation has been diversifying its holdings recently. Earlier this week, it announced the sale of 431,000 Kaiser Steel shares.

Earlier this month, Kaiser Cement announced sharply higher first-quarter net profits of $5.51m, or 76 cents a share, up from $3.09m, or 44 cents a share. Revenues, however, slipped from $53.5m to $44.4m. The company has recently been suffering from the recession in the U.S. construction industry.

Robert Cottrell in Hong Kong writes: Li is already associated with Kaiser Cement through a Hong Kong joint venture called China Cement Company, which is building a cement plant in the new territories.

Kaiser owns 40 per cent of the venture, while a consortium comprising Cheung Kong, Green Island Cement and Chinese interests own the rest.

Green Island Cement is an associate of Cheung Kong, and made profits for 1981 of HK$93.7m (US$16.1m) after tax.

Brascan plans extra dividend

BY OUR FINANCIAL STAFF

BRASCAN, the Toronto-based energy group, proposes to pay an extra 20 cents a share in addition to its regular quarterly dividend of 40 cents a share. Both are payable July 31 to shareholders registered on July 1.

However, Mr Trevor Eyton, the group's president, warned shareholders at the annual meeting yesterday that it will be difficult for the company in 1982 to equal its earnings last year of C$107.9m or C$3.30 a share.

Mr Eyton declined to make a specific estimate because of uncertainties over interest rate levels and the company's natural resources operations. He did say that the company underestimated the secrity and duration of the curernt economic downturn.

Brascan now is reviewing the question of its Brascade Resources subsidiary acquiring Brascan's investment in Westmin Resources. Previously the president said Westmin was looking as acquiring the company's position in Brascade.

Discussions are now underway with Caisse de Depot et Placement du Quebec over the combination but he did not elaborate. The Caisse owns 30 per cent of Brascade.

The company also now plans to continue holding its 20 per cent stake in Consumers Glass. Brascan previously had indicated it might sell its holding.

Recovery seen by Massey

By Our Toronto Correspondent

MASSEY-FERGUSON, the world's largest tractor manufacturer and second-largest maker of combines, is edging back towards profitability.

The $73.5m loss for the first quarter, ending January 31, was well below both the company's earlier estimate of $85m and the $81.4m loss a year earlier.

Mr Victor A. Rice, chairman, told the annual meeting in Toronto he was confident that "progressive improvement" would be reported in the second quarter, ending April 30.

A 10 per cent decline in first quarter sales revenues was due almost entirely to foreign exchange translation. On an exchange-adjusted basis, sales revenues were 4 per cent higher, he said.

Massey-Ferguson's talks with Chrysler Canada and the Canadian Government over a joint venture diesel proposal have reached a critical stage, said Mr Rice.

The two companies are seeking loans and guarantees to support production of car and light truck diesel engines at an estimated cost of $200m.

Dart and Kraft earnings fall despite sales increase

BY OUR FINANCIAL STAFF

A FALL in earnings in the first quarter at Dart and Kraft was not unexpected, said the directors, in view of the general economic recession. The direct selling unit, whose 28 per cent of group profits largely reflects the Tupperware household plastic containers unit, suffered a 10 per cent fall in operating profit due to bad weather in the three month period.

But the drop in group earnings, from $103.4m to $96.9m or $1.77 a share for the period casts doubt on Wall Street forecasts that earnings will rise from $6.36 to $8.00 a share for the full year.

Formed in 1980 by the merger of Dart Industries and Kraft, the company takes more than half its profits from food product sales, with direct selling of Tupperware, Vanda cosmetics and toiletries and Coppercraft jewellery and cookware turning in a further 28 per cent. Group sales edged forward from $2.40bn to $2.44bn in the opening quarter.

The directors attributed the decline in its first quarter earnings to the weakness in the world economies.

Operating profit for consumer and commercial products division fell by 38.7 per cent, although sales more than doubled due to the inclusion of Hobart, acquired in April 1981.

Operating profit from Duracell, the battery subsidiary fell below the high level of a year ago, while sales advanced in line with long-term trends.

Sharply higher loss at UAL

By Our Financial Staff

UAL, holding company for United Airlines, the largest U.S. increased first quarter net losses of $129.3m or $4.37 a share, against a loss of $21.3m or 72 cents a share in the comparable period.

In the final quarter of last year, UAL registered a net loss of $65.1m or $2.20 a share, making a loss for the full fiscal 1981 year of $70.5m or $2.40 a share.

The latest setback is the more disappointing in that some recovery had been expected the year.

The U.S. airline industry was badly hit last year by the general recession, the air controller's strike and the bout of fare discounting among the major companies.

Gothenburg in U.S. commercial paper issue

By Peter Montagnon, Euromarkets Correspondent

GOTHENBURG has become the first city outside the U.S. to issue commercial paper in the New York market on an unrestricted basis.

It has arranged a line-up of up to $50m through the U.S. investment house Goldman Sachs, while daily administration will be handled by Skandinaviska Enskilda Banken in Gothenburg which will also provide a back-up line of credit.

The commercial paper market has been used increasingly by European borrowers as a means of arranging finance in U.S. currency at much lower cost than that normally available in the Euromarket, but to date the borrowers have generally been large public and private sector corporations and banks.

Gothenburg has been awarded the top A1-P1 rating by the two U.S. rating agencies—Moody's and Standard and Poor's—for its paper. A top rating is normally considered a prerequisite for the issue of commerical paper which is held as a liquid investment by major U.S. corporations.

S and L unit boosts Entex

By Terry Byland

A SUBSTANTIAL gain in profit at its savings and loan subsidiary boosted third quarter profits at Entex, the Houston-based company whose operations lie mostly in the energy business.

Group earnings rose by one fifth to $21.6m or $1.02 a share on revenues of $399.9m, against $320.7m. For the nine months, earnings now stand at $35.1m against $36m.

University Savings Association, the wholly-owned savings and loan offshoot, turned in earnings of $2.1m for the third quarter, against only $659,000 for the comparable period.

Pan-Arab banks in Egyptian loan

BY RICHARD JOHNS, MIDDLE EAST EDITOR

EGYPT HAS achieved what appears to be a significant breakthrough towards reconciliation with the rest of the Arab world in the financial sphere with the participation as co-managers of four Pan-Arab banks in a $200m stand-by credit lead managed by Chase Manhattan.

Among the co-managers are Union de Banques Arabes et Francaises, European Arab Bank, Arab African International Bank, and United Gulf Bank.

The syndication mandated by the National Bank of Egypt is the first such issue raised for Egypt since the $250m Eurodollar loan, also arranged by Chase Manhattan in 1977 well before Cairo's rupture with all but three Arab states on account of the peace treaty concluded with Israel in April 1979.

Perhaps the most surprising participant from the political point of view is the Paris-based UBAF whose shareholders include institutions of some of the more radical states calling for Cairo's renunciation of the Camp David Accords. They include the Commercial Bank of Syria, the Libyan Arab Foreign Bank, and the Banque Exterieure d'Algerie. The Central Bank of Egypt also has a stake.

UBAF, together with the European Arab Bank and Arab African International Bank, pulled out of a $300m issue which was being arranged in the spring of 1979 and never materialised as a result.

Egypt has a substantial stake in the European Arab Bank and in particular the Arab African International Bank, which is 42.4 per cent owned by the Central Bank of Egypt and still has its headquarters in Cairo. United Gulf Bank is predominantly owned by Kuwaiti institutions and individuals.

The facility involved is a two-year revolving standby with option of an extension for one year. It bears a margin of ½ per cent over London Inter Bank offered rates (Libor) for the first 18 months with ⅝ per cent thereafter.

It is also understood that the Jeddah-based Saudi Cairo Bank, 40 per cent owned by the Banque du Caire, may participate in another DM60m deal being planned by the National Westminster Bank for Egyptian Railways in connection with a prospective contract for Thyssen for the supply of tracks. A duration of five years nine months and a 1½ per cent spread above Libor is envisaged.

Intel now challenges the computer majors

BY LOUISE KEHOE IN SAN FRANCISCO

INTEL, THE California electronic chip maker, is taking on IBM and the other majors of the computer industry to fight for a share of the business computer market.

Intel has announced its first computer system designed for general purpose business use. This follows the company's entry into the commercial computer systems business in February with a data base management system.

The new computer—called a transaction processing system (TPS)—is geared towards commercial and industrial applications where it could be used for order entry, billing, accounts an dthe like. Its final applications, however, would be determined by Intel's customers such as software houses, and computer systems integrators who design programmes to run on the computer to give it a proprietary personality.

Intel believes the potential market for its new system is worth close to $3bn a year by 1985. "If we get even 10 per cent of that we will be doing fine," states Mr Joseph A. Huseonica, Intel Systems group market development manager.

But Intel has some stiff competition to contend with in the form of Digital Equipment Corporation and other U.S. Minicomputer makers.

To pit itself against the giants of the computer business, Intel has hired talent away from them. Mr Huseonica, who spent 15 years working for Burroughs Corporation, believes that Intel — coming from the fast-paced semiconductor market — is well placed to shake up some of the bureaucratically bogged down computer companies.

A selling point for the new Intel system will be that it already incorporates much of the software programming needed to turn it into a fully operational computer. Intel has contracted with Infomatics Inc of Woodland Hills, California to supply their terminal applications processing software (previously available only for large computers) for TPS.

According to Mr Huseonica, this programme reduces the system development time by 40 per cent to 50 per cent, allowing the systems integrator to bring his product to market faster and with less expense.

FT INTERNATIONAL BOND SERVICE

The list shows the 200 latest international bond issues for which an adequate secondary market exists. For further details of these or other bonds see the complete list of Eurobond prices which will be published next on Wednesday May 12.

Closing prices on April 29

U.S. DOLLAR STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Aetna Life 15 86/97	150	101½	101⅞	−0½	−0⅛	14.42
Amax Int. Fin. 16¼ 92	75	102⅝	102⅞	−0⅜	+0⅞	15.74
Anheuser-Busch 16½ 88	100	103⅞	104⅛	−0⅛	+0⅞	15.38
AFS Fin. Co. 16¼ 89	75	103⅛	103⅝	−0¼	0	15.33
Armco O/S Fin. 15¾ 86	50	100⅞	101	+0¼	+0⅜	15.05
ATT 14¼ 89	400	101⅞	101⅞	−0¼	−0⅜	13.85
Baker Int. Fin. 0.0 92	225	26⅞	27⅞	−0⅛	+1⅛	14.31
Burroughs Int. 15¾ 88	50	103⅞	104⅛	−0⅜	+0⅞	14.69
Canadair 15⅞ 87	150	101⅞	102⅛	−0⅛	+0⅛	14.86
Can. Nat. Rail 14⅞ 91	100	99	99½	−0½	−0¼	14.73
Carolina Power 16½ 89	60	104¾	105¼	−0½	−0¾	15.22
Caterpillar Fin. 16½ 86	100	103	103½	−0⅛	+0⅞	15.35
CIBC 16 87	100	103⅞	103⅞	−0⅛	+0⅛	14.87
Citicorp O/S 15 84/92	100	99⅞	100	−0⅜	−1⅛	15.13
Citicorp O/S 15½ 85/97	125	101¼	101⅞	−0⅛	0	14.75
CNA 15⅞ 97	75	100⅞	100⅞	−0⅜	+0⅞	15.79
Con. Illinois 15⅞ 89	100	103⅞	103⅞	−0⅛	+0⅛	14.89
Duke Pwr. O/S 15½ 89	80	100⅞	100⅞	−0⅛	−0⅛	15.37
Dupont O/S 14½ 88	400	100⅞	100⅞	−0⅛	0	14.32
Dupont O/S Cap. 0.0 90	300	35⅞	36⅞	0	+1	13.98
ECSC 14⅞ 87	50	99⅞	99⅞	−0⅛	+0⅛	14.88
EIB 15½ 89	150	101	101½	−0¼	+0¼	15.17
Gen. Elec. Credit 0.0 92	400	29	29½	0	+1⅛	12.75
Gen. Elec. Credit 0.0 93	400	25	25¼	−0⅞	+1	12.59
GMAC O/S Fin. 16 88	150	[illegible]	[illegible]	−0⅛	0	15.30
GMAC O/S 15¼ 85/97	100	98⅞	99	−0⅛	−0⅛	15.78
Gulf Canada Ltd 14⅞ 92	100	97⅞	97⅞	−0⅛	+0⅛	14.91
Gulf Oil 14¼ 94	175	98⅞	99⅛	−0⅛	0	14.53
Gulf Oil Fin. 0.0 92	300	28⅞	29⅞	+0⅛	+1	13.65
Gulf States O/S 18 90	60	99⅞	100	−0	−0⅞	15.02
Int.-Am. Dv. Bk 15⅞ 87	55	99⅞	99⅞	−0⅛	−0⅛	15.16
Japan Airlines 15⅞ 88	50	101⅞	101⅞	−0⅛	−0⅛	14.78
Japan Dev. Bk 15½ 87	50	102½	103	−0⅛	0	14.61
Nat. West 14⅞ 91	100	100⅞	100⅞	−0⅛	−0⅛	14.58
New Brunswick 16⅞ 89	75	104⅞	105⅞	−0⅛	+1⅛	15.02
Nov. & Lab. Hy. 17¼ 89	75	105¾	106⅛	−0⅜	0	15.68
OKG 15⅞ 85/97	50	98⅞	98⅞	−0⅛	−0⅛	16.22
Ontario Hyd. 16 91 (N)	200	105½	106	−0⅛	+0⅛	14.78
Pac. Gas & El. 15⅞ 89	80	102½	103	−0⅜	+0⅛	15.02
Pac. Gas & El. 15½ 89	45	103	103½	−0⅛	+0⅛	14.70
J. C. Penney Gl. 0.0 94	350	21½	21⅞	+0⅛	+0⅛	13.86
Quebec Prov. 15⅞ 89	150	100⅞	101	−0⅛	+0⅛	15.02
R.J. Rynlds. O/S 0.0 92	400	27½	28⅛	0	+2	13.81
Saskatchewan 16⅞ 88	100	104⅞	104⅞	−0⅛	+0⅛	15.05
Saskatchewan 16 89	125	104	104½	−0⅛	+0½	14.84
Spain 15⅞ 87	100	98⅞	99⅛	−0⅛	0	16.07
Statsforetan 15⅞ 87	50	99⅞	100⅛	−0⅛	+0½	15.64
Sweden 14½ 88	150	95½	96	−0⅛	−0⅛	15.51
Sw. Ex. Cr. 16½ 84/93	75	101⅞	101⅞	−0⅛	−0⅛	15.53
Swed. Ex. Cred. 15⅞ 89	100	99⅞	99⅞	−0⅛	+0⅛	15.34
Swed. Ex. Cred. 0.0 94	200	20	20½	−0½	0	14.41
Texas Eastern 15⅞ 88	100	102⅞	103⅛	−0⅛	−0⅛	15.03
Transcanada 16 89	100	101⅞	102⅛	−0⅛	−0⅛	15.44
Wells Fargo I. F. 15 87	75	100⅞	101⅛	−0⅛	0	14.67
WMC Fin. 15⅞ 89	50	98⅞	99⅛	−0⅛	+0⅛	15.69
World Bank 15⅞ 88	250	101	101½	0	+0⅛	14.88

Average price changes... On day −0⅛ on week +0⅜

DEUTSCHE MARK STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Australia 9½ 91	300	104¾	105⅛	+0⅛	+0⅞	8.58
Australia 9⅞ 91	200	104½	105⅛	−0⅛	+0⅜	8.57
Comp. Tel. Esp. 10¾ 92	100	100⅞	100⅞	0	+0⅛	10.36
Denmark 10 88	100	102⅞	103⅛	0	+1⅛	9.30
Denmark 10½ 92	100	103⅛	103⅞	+0⅛	+1⅛	9.55
EDF 9⅞ 92	100	102⅞	102⅞	−0⅛	+0⅛	9.49
EEC 10¼ 93	100	104⅛	104⅞	−0⅛	0	9.43
EEC 9⅞ 94	200	103⅛	103⅞	−0⅛	+0⅛	9.24
EIB 9⅞ 88	100	102⅞	103⅛	+0⅛	+0⅛	9.10
Inter-American 10⅞ 91	100	105⅞	106⅛	0	0	9.30
Ireland 10⅞ 86	100	102⅞	102⅞	+0⅛	+0⅛	9.40
Mexico 11 88	100	102⅞	103⅛	0	0	10.36
Mt. Bk. Denmk. 10¼ 91	100	102⅞	103⅞	+0⅛	+0⅛	9.89
Nacnl. Financiera 11 90	150	100⅞	101⅛	−0⅛	+0⅛	10.81
Nat. West 9⅞ 92	100	105⅞	106⅛	−0⅛	+0⅛	8.95
New Zealand 9⅞ 89	200	104⅞	105⅛	0	+0⅛	8.80
OKB 9⅞ 86	150	103	103½	0	0	9.06
Quebec 10⅞ 92	150	105⅞	106⅛	−0½	−0⅛	9.12
Quebec Hydro 10½ 91	150	105⅛	106⅛	−0⅛	−0⅛	9.28
Tauernautobahn 9⅞ 94	50	103⅛	103⅞	+0⅛	+0⅛	9.35
Venezuela 11⅞ 91	100	101⅞	101⅞	0	+0⅛	11.23
World Bank 9⅞ 89	100	102⅞	102½	−0⅛	+0⅞	9.02
World Bank 10 91	250	105	105½	0	+0⅛	9.12

Average price changes... On day 0 on week +0½

SWISS FRANC STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Ansett Transport 7¼ 92	50	†102½	104	+0¼	0	6.96
Asian Dev. Bank 8 90	80	104	104½	−0½	−0½	7.32
Australia 6¾ 93	100	104⅛	104⅞	−0⅛	−0⅛	6.16
Australia 6¼ 94	100	103⅛	103½	0	+0⅛	6.09
Belgelectric 7½ 91	80	102⅞	102⅞	+0⅛	+0⅛	7.14
Fer. de Autonistas 8 90	50	101	101⅛	−0⅛	−0½	7.80
CFE-Mexico 8¼ 92	50	100½	100⅞	−0⅛	0	8.15
Co-op. Denmark 8⅛ 92	25	103⅞	105⅛	+0⅛	−0⅛	7.63
Crown Zellrbch. 6⅞ 92	100	102	102¼	+0⅛	−0⅛	6.45
Denmark 7¼ 91	100	101⅞	101⅞	+0⅛	−0⅛	7.04
EIB 7⅛ 93	100	101½	102	−0⅛	−0⅛	6.97
Elec. de France 7 92	100	101⅞	102⅛	0	+0⅛	6.71
ENEL 8 92	44	101⅛	101⅞	−0⅛	−0⅛	7.77
First City Fin. 8¼ 92	25	103⅛	103½	0	+0⅛	7.74
Manitoba 7 92	100	105⅛	106⅛	0	+0⅛	6.18
National Pwr. Co. 8 92	30	103⅛	103⅞	+0⅛	+0⅛	7.48
Nippon T. and T 6⅞ 92	100	102⅞	103	0	−0⅛	6.22
OKB 7⅞ 92	100	104⅛	104⅞	−0⅛	−0⅛	7.10
Ost. Donaukraft 7 92	100	103⅛	103⅞	+0⅛	+1⅛	6.51
Ost. Postspar 7½ 92	100	102⅞	102⅞	+0⅛	+0⅛	7.15
Philip Morris 6⅞ 92	100	103	103⅛	−0⅛	−0⅛	6.79
Quebec 7⅞ 92	100	104½	105	−0⅛	+0⅛	6.70
Soc. Lux de Cnt. 8⅛ 92	80	105⅛	105½	+0⅛	+1	7.22
Transcanada Pipe. 7 94	100	103⅛	103⅞	+0⅛	0	6.59
Vorarlberg Kraft 6⅞ 92	50	102⅛	102⅞	−0⅛	+0⅛	6.42
World Bank 8 91	100	103½	106½	−0⅛	+0⅛	7.01

Average prices changes... On day 0 on week +0⅛

YEN STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Asian Dev. Bk. 8⅜ 91	15	100⅛	101⅛	0	+0⅛	8.05
Int.-Amer. Dev. 8⅞ 91	15	102⅛	102⅞	0	+0⅛	8.41
Japan Airlines 7⅞ 87	9	97⅞	97⅞	−0⅛	−0⅛	8.48
New Zealand 8⅞ 87	15	101⅛	102⅛	0	+0⅛	7.97
World Bank 8⅛ 92	20	100⅛	100⅞	0	0	8.29

Average price changes... On day 0 on week +0⅛

OTHER STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Crd. Foncier 17¼ 89 C$	30	†98⅞	98⅞	0	+0⅛	17.38
Montreal 17 89 C$	50	†102	102½	0	0	16.40
Queb. Hydro 16½ 89 C$	50	†100	100½	0	−0⅛	16.40
Quebec Prov. 17 88 C$	50	†101½	102⅛	0	+0⅛	16.40
Simpsons 16⅞ 89 C$	40	†96⅞	97	0	+1	17.63
Tordom Cpn. 16½ 88 C$	25	†99⅞	99⅞	0	+0⅛	16.59
Transalta 17 89 C$	50	†101	101½	0	+0⅛	16.63
U. Bk. Nwy. 9½ 90 EUA	18	89½	90⅛	0	−0⅛	11.46
Algemene Bk. 10¼ 86 Fl	60	100½	101	0	−0⅛	9.98
Amfas Group 12¾ 86 Fl	40	104⅞	105⅛	0	+0⅛	10.72
Amro Bank 12 86 Fl	75	105⅞	106⅛	−0⅛	+0⅛	10.18
Amro Bank 12 86 Fl	60	105⅞	106⅛	−0⅛	+0⅛	10.26
Pierson 10⅞ 86 Fl	50	100⅞	100⅞	0	+0⅛	10.11
Rabobank 12 86 Fl	50	105⅛	105⅞	0	+0⅛	10.13
OKB 14 86 FFr	400	90⅞	91⅞	0	+0⅛	17.26
Solvay et C. 14⅞ 86 FFr	200	91⅞	92⅞	0	+0⅛	17.63
Acona 14 85 £	20	94⅞	95⅞	+2⅛	+2⅛	15.94
Beneficial 14⅞ 90 £	20	86⅞	87⅞	−0⅛	−0⅛	17.19
BNP 13½ 91 £	15	89⅞	90⅛	+0⅛	0	15.63
CECA 13½ 88 £	20	93⅞	94⅛	−0⅛	−0⅛	15.01
Fin. Ex. Cred. 13½ 86 £	15	94⅞	95⅞	−0⅛	+0⅛	15.43
Gen. Elec. Co. 12¾ 89 £	50	91	92	−0⅛	−0⅛	14.52
Hiram Walker 14⅞ 86 £	25	96⅞	97⅞	−0⅛	−0⅛	16.39
Privatbanken 14½ 88 £	12	93⅞	94⅞	−0⅛	+0⅛	16.20
Quebec 15⅞ 87 £	35	100⅞	101⅛	0	+0⅛	15.21
Reed (Nd) NV 16⅞ 89 £	25	101⅞	102⅞	+0⅛	+0⅛	16.17
Royal Trustco 14 86 £	12	96⅞	97½	−0⅛	−0⅛	14.99
SDR France 15½ 92 £	30	96⅞	98⅞	0	−0⅛	15.79
Swed. Ex. Cr. 13⅞ 86 £	20	96⅞	97⅞	−0⅛	+0⅛	14.83
Eurofima 10½ 87 LuxFr	500	96½	97½	0	−2⅛	11.23
EIB 9⅞ 88 LuxFr	600	94	95	0	−0⅛	11.07

FLOATING RATE NOTES	Spread	Bid	Offer	C.dte	C.cpn	C.yld
Allied Irish 5¼ 92	0⅛	98⅞	98⅞	15/10	15.69	15.99
Bank of Montreal 5¼ 91	0⅛	98⅞	99⅛	29/4	17.06	17.24
Bk. of Tokyo 5¼ 91 (D)	0⅛	98⅞	99	10/6	13⅞	13.42
Bank Nova Scotia 5¼ 93	0⅛	98⅞	98⅞	29/4	17.06	17.21
BFCE 5¼ 88	0⅛	98⅞	99⅛	26/4	16.94	17.06
BFCE 5¼ 87	0⅛	99⅞	100	27/7	16⅞	16.29
CCCE 5¼ 2002	0⅛	98⅞	98⅞	11/6	14.82	15.04
Co-Ban Eurofin 5⅞ 91	0⅛	98⅞	99⅛	14/10	16	16.14
Credit Agricole 5¼ 97	0⅛	99⅛	99⅞	24/9	15.44	15.53
Credit Lyonnais 5¼ 97	0⅛	99½	100	1/10	16	16.04
Credit Nat. 5¼ 94	‡0⅛	98⅞	99⅛	9/6	14.69	14.84
Denmark, Kngdm. of 92	0⅛	†99⅞	99⅞	25/8	15.44	15.54
Den Norske Cred. 5½ 93	0⅛	97⅞	98⅛	4/6	13.56	13.84
Genfinance 5¼ 92	0⅛	99½	100	30/6	15⅞	15.54
GZB 5¼ 92	‡0⅛	98⅞	98⅞	8/6	14.94	15.09
Ind. Bank Japan 5⅞ 88	0⅛	99⅛	99⅞	9/5	13.31	13.40
Lloyds Eurofin 5¼ 93	§0⅛	99	99½	29/4	17.13	17.28
LTCB Japan 5½ 89	0⅛	99⅛	99⅞	16/7	15.31	15.41
Midland Int. Fin. 9 91	0⅛	99	99½	30/4	17.06	17.19
Nat. West. Fin. 5⅞ 91	§0⅛	99⅛	99⅞	15/7	15.19	15.28
New Zealand 5⅞ 87	0⅛	99⅛	99⅞	7/10	15.56	15.62
Nippon Credit 5¼ 90	0⅛	98⅞	99⅛	10/8	16.06	16.14
Nordic Int. Fin. 5⅞ 91	0⅛	98⅞	99⅛	6/5	15⅞	15.90
Offshore Mining 5¼ 91	0⅛	98⅞	99⅛	2/8	13	13.11
PKbanken 5 91	0⅛	98⅞	99⅛	17/6	14⅞	14.52
Scotland Int. 5¼ 92	0⅛	98⅞	99⅛	23/9	15⅞	15.55
Sec. Pacific 5⅞ 91	0⅛	98⅞	99⅛	24/5	23⅞	13.37
Societe Generale 5⅞ 95	0⅛	98⅞	99⅛	1/9	15.31	15.47
Standard Chart. 5⅞ 91	0⅛	98⅞	99	18/5	13.31	13.48
Sumitomo Fin. 5½ 88	0⅛	99⅞	100⅛	9/8	16	16.02
Sweden 5⅞ 89	0⅛	99	99⅛	26/8	15.31	15.43
Toronto Domin'n 5¼ 92	0⅛	98⅞	99⅛	11/8	16⅞	16.44

Average price changes... On day 0 on week 0

CONVERTIBLE BONDS	Cnv. date	Cnv. price	Bid	Offer	Chg. day	Prem
Ajinomoto 5¼ 96	7/81	933	90⅞	92	−0⅛	6.31
Bow Valley Inv. 8 95	4/81	23.12	96⅞	98⅞	0	58.57
Bridgestone Tire 5½ 96	3/82	470	97⅞	94⅞	+0⅛	−0.75
Canon 6⅞ 95	1/81	829	90	91⅞	0	14.04
Daiwa Secs. 5½ 96	12/81	513.3	†64	66	−0⅛	−1.61
Fujitsu Fanuc 4½ 96	10/81	5441	96½	98⅞	−0⅛	8.22
Furukawa Elec. 5⅞ 96	7/81	300	98	99⅞	0	−3.02
Hanson O/S Fin. 9½ 96	8/81	1.36	†94⅞	95⅞	+0⅛	−7.75
Hitachi Cable 5⅞ 96	2/82	515	86⅞	88⅞	−0⅛	1.44
Hitachi Cred. Con. 5 96	7/81	1612	82⅞	84⅞	−1⅛	2.77
Honda Motor 5½ 97	3/82	841	87½	89	−2	−0.72
Inchcape 8 95	2/81	4.55	†87⅞	85	+0½	28.05
Kawasaki 5⅞ 96	9/81	229	70⅞	71⅞	−1⅛	1.13
Marui 6 96	7/81	846.4	98	99⅞	−0⅛	2.78
Minolta Camera 5 96	10/81	876.4	60	61⅞	−0⅛	17.46
Minorco 9⅞ 97	5/82	8.16	†87	88⅞	+0⅛	15.30
Murata 5⅞ 96	7/81	2164	80⅞	82⅞	−1⅛	16.91
NKK 6½ 96	7/81	188	85⅞	85⅞	−0⅛	−11.86
Nippon Chemi-C. 5 91	10/81	919	63	65	−0⅛	4.11
Nippon Electric 5⅞ 97	2/82	846	87⅞	88⅞	−1⅛	3.48
Orient Finance 5⅞ 97	3/82	1205	93⅞	95⅞	−0⅛	3.57
Sanyo Electric 5 96	10/81	652	72	73⅞	−2⅛	13.22
Sumitomo Elec. 5½ 97	3/82	677.3	88	89⅞	−0⅛	2.32
Sumitomo Met. 5⅞ 96	10/81	296.1	64	65½	+0⅛	11.52
Swiss Bk. Cpn. 6⅞ 90	9/80	191	74	76	0	22.70
Konishiroku 6 90 DM	2/82	695	102	103⅞	0	4.38
Mitsubishi H. 6 89 DM	2/82	263	95	96⅞	+0⅛	14.25

* No information available—previous day's price.

† Only one market maker supplied a price.

Straight Bonds: The yield is the yield to redemption of the mid-price: the amount issued is in millions of currency units except for Yen bonds where it is in billions. Change on week=Change over price a week earlier.

Floating Rate Notes: Denominated in dollars unless otherwise indicated. Coupon shown is minimum. C.dte=Date next coupon becomes effective. Spread=Margin above six-month offered rate (‡ three-month; § above mean rate) for U.S. dollars. C.cpn=The current coupon. C.yld=The current yield.

Convertible Bonds: Denominated in dollars unless otherwise indicated. Chg. day=Change on day. Cnv. date=First date for conversion into shares. Cnv. price=Nominal amount of bond per share expressed in currency of share at conversion rate fixed at issue. Prem=Percentage premium of the current effective price of acquiring shares via the bond over the most recent price of the shares.

NORTH AMERICAN QUARTERLY RESULTS

AIR FLORIDA SYSTEM	1982 $	1981 $
First quarter		
Revenue	74.9m	67.1m
Net profits	†14.7m	5.00m
Net per share	†0.90	0.37

†Loss.

ALBERTA ENERGY	1982 $	1981 $
First quarter		
Revenue	73.6m	60.8m
Net profits	32.8m	16.1m
Net per share	0.71	0.35

AMERICAN NATURAL RESOURCES	1982 $	1981 $
First quarter		
Revenue	1.06bn	889.1m
Net profits	79.9m	77.8m
Net per share	3.38	3.34

ANHEUSER-BUSCH COS.	1982 $	1981 $
First quarter		
Revenue	1.16bn	1.01bn
Net profits	50.6m	41.2m
Net per share	1.07	0.88

AVNET INC.	1981-82 $	1980-81 $
Third quarter		
Revenue	286.1m	266.1m
Net profits	13.75m	13.62m
Net per share	0.79	0.78
Nine months		
Revenue	838.9m	793.7m
Net profits	42.78m	45.26m
Net per share	2.45	2.59

BAKER INTERNATIONAL	1981-82 $	1980-81 $
Second quarter		
Revenue	678.4m	512.8m
Net profits	74.33m	50.83m
Net per share	1.08	0.76
Six months		
Revenue	1.3bn	961.7m
Net profits	146.5m	93.82m
Net per share	2.14	1.40

BANGOR PUNTA	1981-82 $	1980-81 $
Second quarter		
Revenue	159.2m	201.2m
Net profits	1.61m	7.38m
Net per share	0.21	1.00
Six months		
Revenue	355.7m	399.3m
Net profits	9.73m	16.68m
Net per share	1.34	2.26

BELL TELEPHONE OF CANADA	1982 $	1981 $
First quarter		
Revenue	2.04bn	1.69bn
Net profits	159.5m	117.8m
Net per share	0.84	0.64

CENTRAL TELEPHONE & UTILITIES	1982 $	1981 $
First quarter		
Revenue	285.6m	233.3m
Net profits	25.1m	23.0m
Net per share	0.93	0.86

CHAMPION SPARK PLUG	1982 $	1981 $
First quarter		
Revenue	216.4m	223.2m
Net profits	11.29m	15.31m
Net per share	0.29	0.40

CORROON AND BLACK	1982 $	1981 $
First quarter		
Revenue	43.5m	38.7m
Net profits	4.55m	3.51m
Net per share	0.59	0.45

DEAN FOODS	1982 $	1981 $
First quarter		
Revenue	184.7m	181.6m
Net profits	3.73m	4.24m
Net per share	0.62	0.70

DU PONT CANADA	1982 $	1981 $
First quarter		
Revenue	247.3m	283.1m
Net profits	†1.24m	14.74m
Net per share	†0.15	1.86

†Loss.

FABERGE INC.	1982 $	1981 $
First quarter		
Revenue	54.9m	54.8m
Net profits	576,000	862,000
Net per share	0.10	0.16

GENENTECH	1982 $	1981 $
First quarter		
Revenue	6.46m	3.91m
Net profits	50,000	79,000
Net per share	0.01	0.01

JOHNSON AND JOHNSON	1982 $	1981 $
First quarter		
Revenue	1.49bn	1.36bn
Net profits	165.7m	121.3m
Net per share	0.83	0.65

LACLEDE STEEL	1982 $	1981 $
First quarter		
Revenue	54.0m	68.8m
Net profits	†3.17m	2.75m
Net per share	†1.43	1.24

†Loss

MARYLAND CUP CORPORATION	1981-82 $	1980-81 $
Second quarter		
Revenue	150.3m	143.4m
Net profits	4.53m	4.42m
Net per share	0.67	0.66
Six months		
Revenue	286.2m	274.5m
Net profits	8.46m	8.13m
Net per share	1.25	1.21

McGRAW-EDISON	1982 $	1981 $
First quarter		
Revenue	554m	566m
Net profits	10.1m	21.1m
Net per share	0.60	1.29

MESA PETROLEUM	1982 $	1981 $
First quarter		
Revenue	104.1m	103.6m
Net profits	33.2m	29.8m
Net per share	0.44	0.43

NOBLE AFFILIATES	1982 $	1981 $
First quarter		
Revenue	114.7m	88.7m
Net profits	22.44m	18.05m
Net per share	0.50	0.41

NORTHERN STATES POWER	1982 $	1981 $
First quarter		
Revenue	476m	357.1m
Net profits	53.0m	39.1m
Net per share	1.66	1.22

OGDEN CORPORATION	1982 $	1981 $
First quarter		
Revenue	538.9m	572.3m
Net profits	16.13m	15.68m
Net per share	1.20	1.27

PANHANDLE EASTERN	1982 $	1981 $
First quarter		
Revenue	958.6m	875.7m
Net profits	73.4m	77.8m
Net per share	1.08	1.97

PEABODY INTERNATIONAL	$	$
Second quarter		
Revenue	136.5m	103.1m
Net profits	1.41m	1.29m
Net per share	0.13	0.12
Six months		
Revenue	241.3m	205.5m
Net profits	2.76m	2.95m
Net per share	0.25	0.27

PUROLATOR	1982 $	1981 $
First quarter		
Revenue	188.1m	166.9m
Net profits	6.37m	5.86m
Net per share	0.97	0.87

INTERNATIONAL COMPANIES and FINANCE

Terry Dodsworth reports on the French construction group with big ideas

Bouygues champions red-blooded capitalism

IF FRENCH capitalism were the red-blooded animal that many opponents of nationalisation claim, it would have many more companies like Bouygues.

Virtually unknown until a few years ago, Bouygues (pronounced Boo-eeg), has burst on to the international construction industry scene with huge projects such as the $1.9bn Riyad University project or the FFr 4.5bn ($726m) power station in Nigeria.

Its latest idea, for a FFr 35bn ($5.6bn) Channel Bridge, gives a flavour for the sort of company it is. Bouygues likes the big, glamorous schemes that catch the eye and yield tasty margins.

The company is a post-war creation, founded in 1951 by M Francis Bouygues, a burly, hard-driving engineer, who has elbowed it ruthlessly into the front ranks of the industry. In the last five year, its growth has been explosive, with sales rockqeting from FFr 2.9bn in 1976 to FFr 10.5bn last year. Profits have followed, from FFr 18.2m net to FFr 219m, generating healthy cast-flows and enabling the company to pay about FFr 370m from its own resources for Drouot, the insurance company.

Along this dizzy growth path, M Bouygues has made enemies and run into plenty of criticism. The company was accused of having strong—some said too strong—links with the Gaullists. It has also been attacked for its paternalistic employment system, which includes a special group of favoured company faithfuls who subscribe to a sort of Scouts' code ("We are a fighting community welcoming any challenge," says Article No 6) in return for special benefits.

M Bouygues, however, shrugs off the criticism. He believes in the family style of management. For him, the recently nationalised French companies were already bureaucratised to such an extent that State takeover was virtually irrelevant.

He wants something different at Bouygues. Asked recently about the future of the company, he said that his sons could do what they liked with it, but that they had a pretty good model to go by if they wanted to succeed.

He is not known, either, for mincing his words. When M Andre Giraud, Industry Minister in the last government, crossed him in a project to expand the group's offshore activities, he unhesitatingly unleashed a strong verbal rebuke in public. He is also highly critical of the present government's employment policies, attacking both the decision to relax pressure on immigrants to leave France, and the idea of reduced working hours. "What people want are longer working hours," he says, arguing that this would generate more activity and wealth.

At 59, after a serious operation that left him with only one lung, M Bouygues is clearly preparing the way for an eventual family succession. He has two sons, Nicolas and Martin, both in their early 30s, already in senior positions in the company. But what sort of company does he want to leave behind? This is the question agitating the Paris Bourse after the group's recent, and contested, bid for Drouot, one of France's largest private insurance groups.

The character of the group has changed so rapidly in recent years that it is not easy to see where Drouot fits in.

Until 1970, when Bouygues went public, the company was little more than a highly ambitious building concern that had ridden the wave of expansion in Gaullist France with great skill. As France launched its rebuilding programme, it had steadily grown from construction in the Paris area, to regional development throughout the country.

Public contracts, whether for council housing, motorways or nuclear power stations, always formed a big part of its order book.

M Francis Bouygues (left) has pushed his company into the front ranks of the French construction industry. In five years, after-tax profits have soared from FFr 18.2m to FFr 219m as a result of its appetite for the big, glamorous schemes. Its latest idea is a FFr 35bn plan for a Channel bridge.

But in the last decade Bouygues has been gradually growing an international division to balance its activities in France. It realised that its increasing size made it particularly vulnerable to any downturn in the market which was to be expected after the wave of Gaullist-inspired expansion had passed.

This period of reduced activity seems to have arrived. While France still has a big nuclear power programme, and President Mitterrand entertains some very ambitious ideas for public buildings in Paris, few analysts believe that the pace of the 1960s and early 1970s can be maintained. Last year Bouygues' public works programme in France fell marginally for the first time in its history, and is expected to drop by another 10 per cent this year.

The company is trying hard to maintain growth in sectors which are still lively, such as public housing or private housebuilding, where its recently-launched Maisons Bouygues promotion system has quickly taken a big share of the market.

But foreign business forms an important part of its overall expansion plan. Concentrating on Francophone West Africa and the Middle East, it has rapidly expanded its overseas sales from FFr 311m in 1976 to FFr 2.7bn last year. This year it expects to generate FFr 5.2bn in foreign markets.

Yet M Bouygues is clearly conscious that the overseas business is fairly high risk. Despite the reportedly tough commercial practices of the company, which apparently insists on substantial forward cover for its projects, it has generated much of its turnover in Iran and Iraq, where the political dangers are obvious; or in West Africa, where the economic fragility of the different countries is an equal problem.

This anxiety does not mean that Bouygues might backtrack on its overseas growth. On the contrary, it has big plans for development, both territorially—it wants to get into the U.S. and expand in Nigeria—and in the type of services it offers. M Bouygues believes that the company's future in international construction lies in its brain power, in the application of more sophisticated design and management techniques.

But however cerebral the company becomes, it does not alter the factor of risk—and it is this, says M Bouygues, that has prompted the takeover of Drouot. "The insurance industry," he says, "exists in eliminating risk. If there is a risk, you insure against it. It provides the perfect balance for our business."

This argument has not won universal acceptance. The Nouvel Economiste, the respected weekly business magazine, remarked recently that it was unconvincing. But M Bouygues is sticking to his guns, and talking about further diversifications—into new technology areas, for example—if the right opportunities present themselves.

In the meantime, it is not at all clear whether Bouygues will manage to gain control of Drouot, the insurance company's former owners, who controlled the company through a complex system of holding operations, called foul play when Bouygues found a way through its web of cross-share holdings. They later took the matter to court.

The issue is still frozen, and the judgment will probably take another two months to come through. During that period, Bouygues' investment will lie tied up in a bank ready to be paid back if the deal is nullified. M Bouygues, who likes a scrap, is patently amused to find himself under attack in a situation where he believes he cannot lose.

"If we lose the court case, we get the money back," he says. "If we win, we get Drouot." That's the sort of capitalism he likes.

Turnover at Nestle hit by strength of franc

By John Wicks in Lugano

NESTLE, the Swiss foods group, estimates that turnover has dropped by 6 to 7 per cent in the first quarter of this year, mainly because of the strength of the franc.

Mr Helmut Maucher, managing director, said turnover had also been affected both by the world recession and the divestment of unprofitable operations.

It should not be assumed that earnings would develop in the same way. No dramatic changes were anticipated for profits fo rthis year, he said.

Last year net profits rose by 41 per cent to SwFr 964m ($494.4m), a performance that Mr Maucher described as a "normalisation" of profits for this year, he said. of 1980.

Nestle is to continue its efforts to improve earnings potential, concentrating on profitable product groups and selling off or closing down long-term loss activities. Last year the major divestment was the canned fruit and vegetable operation of the U.S. subsidiary, Libby.

Nestle has introduced "a more restrictive" investment policy. In 1981 capital expenditure dropped from SwFr 1.21bn to SwFr 1.11bn.

Reksten tanker subsidiary to be wound-up

By Fay Gjester in Oslo

HADRIAN, a subsidiary company of the troubled Reksten tanker group, is being wound up as a result of the recent agreement settling the Reksten affair.

Under the deal between the Norwegian state-backed guarantee institute (GI) and Reksten's creditors, including Hambros Bank, the four large tankers operated by Hadrian were taken over by other parties. This left Hadrian with a large accumulated deficit — NKr 567m ($93.4m), at end of 1981, and no assets.

Two of Hadrian's tankers were acquired by Hambros Bank and will in future be operated on the bank's behalf by Trajan, Hadrian's parent company. Trajan will also manage five other Reksten ships acquired by Hambros. Hambros has a 10 per cent stake in Trajan, which also has no equity.

One of Hadrian's other two ships has been taken over by the Norwegian shipping company Bergesen and the other by an ad hoc partnership comprising the Norwegian companies holding first priority mortgages in the vessel.

Aerospatiale sees strong recovery

BY DAVID WHITE IN PARIS

AEROSPATIALE confirms the sharp recovery in its financial position over the last three years by announcing provisional 1981 earnings of between three and four times the previous year's figure of FFr 119m ($19m).

General Jacques Mitterrand, who was seconded from the French Air Force to head the state-owned aerospace group when it was suffering heavy losses in the mid-1970s, said its outstanding bank debts have been slimmed to about FFr 600m from FFr 2.2bn a year ago.

Turnover increased to FFr 16.5bn from FFr 13.2bn and the company's order book at the end of the year was up to FFr 46bn from FFr 34bn.

General Mitterrand, younger brother of the French President, was cautious about prospects for the current year. This year will see the conclusion of an agreement on the next A-320 generation of the Airbus, in which Aerospatiale is the French partner.

The company plans capital investments of FFr 1.2bn this year, compared with FFr 945m last year

Aerospatiale is also involved in a Franco-Italian project for a short-haul aircraft, the ATR 42.

But General Mitterrand expressed concern about the state of European co-operation in both the civil and the military sectors.

Steep advance in Jacques Borel operating profit

BY OUR PARIS STAFF

JACQUES BOREL International, the French catering business, quadrupled operating profits last year after selling its troubled hotel interests.

Group operating profits totalled FFr 69.5m ($11m) against FFr 17.2m in 1980. The company attributed the recovery to strong growth in Brazil, higher earnings from Italian, German and Spanish subsidiaries, reduced financial charges and the development of some of its French activities such as luncheon-vouchers.

Net profits of FFr 3.4m compared with a result FFr 32m—due solely to the sale of the Sofitel luxury hotel subsidiary—in 1980.

The company is currently in the process of merging with the Novotel concern.

Turnover of the group, excluding Sofitel, climbed to FFr 2.5bn last year from FFr 2.1bn. The company said that results so far this year were up on the same 1981 period, confirming the recovery from a lengthy period of financial difficulties which followed Borel's entry into the hotel business.

But is said that its Belgian subsidiary was still facing problems and that some new projects had suffered larger start-up losses than had been expected.

Swedish iron mining group's losses rise

BY WILLIAM DULLFORCE IN STOCKHOLM

LKAB, the Swedish state-owned iron mining company, made a pre-tax loss of SKr 662.6m ($113m) last year, SKr 110m more than in 1980. Sales, of which 87 per cent come from iron ore, fell by 3 per cent to SKr 2.24bn.

The new management aims to achieve a positive cash flow by the end of 1983. It forecasts a strong improvement in financial performance already this year as a result of the SKr 1.5bn capital transfusion from the Government, cuts in rail freight charges and the strength of the dollar.

The company, which has worked the famous north Swedish iron mines since the late 19th century, has accumulated losses of SKr 2.84bn in the period from 1976 to 1981. LKAB's share of the EEC iron market plunged from 22 per cent to 14 per cent in the 1970s.

The recovery programme assumes the company can sell an average of 25m tonnes of ore a year in Europe, of which at least 20m tonnes would be taken by the EEC. Last year LKAB delivered only 18.2m tonnes worldwide, a decline of almost 3m tonnes from the previous year and the lowest total recorded since 1963.

An increase in deliveries to the EEC implies the negotiating of long-term agreements with LKAB's main customers, Mr Wiking Sjostrand, managing director, said

The financial target implies a 30 per cent improvement in output per employee by the end of 1983. LKAB has already started talks with the trade unions about dismissing employees.

Freight charges for carrying ore by rail to the port of Narvik in northern Norway have amounted to about SKr 700m a year and have given a good profit to the Swedish state railways.

West German engineer raises nine-month sales

BY OUR FINANCIAL STAFF

GHH, the major West German engineering group, increased group turnover by 18.7 per cent to DM 12.8bn ($5.44bn) in the first nine months of the current fiscal year which ends in June compared with the same period of the previous year.

Herr Siegfried Schiffbauer, board member, said in Hannover, that earnings, however, were not keeping pace with turnover growth.

In the first nine months, GHH's order inflow totalled DM 15.4bn, up 18 per cent from DM13.04bn, foreign orders shot up 23.8 per cent to DM 9.1bn, while domestic orders climbed 10.5 per cent to DM 6.3bn.

The group's order backlog on March 31 stood at DM 19.6bn compared with DM 17bn at the end of the first nine months of 1980-81.

● Krupp Stahl, the West German steelmaker, plans to take over P. W. Lenzen of Iserlohn, a small producer of cold-rolled speciality steel. The companies said yesterday the acquisition must still be approved by both the European Commission and the West German Cartel Office. The purchase price was not disclosed.

Lenzen has about 320 employees and annual sales of about DM 100m.

Earnings collapse at Malaysian tin smelter

By Wong Sulong in Kuala Lumpur

DATUK KERAMAT Holdings, one of the two tin smelters in Malaysia, has reported a sharp drop in earnings, and is drastically cutting its dividend.

The company, which is a subsidiary of Preussag, the German metals group, saw net after-tax profits fall by 56 per cent from 17.4m ringgit to 7.6m ringgit (US$3.2m) for the year ended January. It is paying a final dividend of 45 cents, making 85 cents for the year, compared with 193.75 cents previously.

DKH attributed the poor results to "significantly higher operating and financing costs," and the suspension of its tantalum extraction activities because of the collapse of prices for this by-product.

Turnover was marginally up at 918m ringgit, but operating profit was down by 46 per cent to 8.4m ringgit. There were no earnings from the sale of tantalum slags, compared with a profit of 10.3m ringgit last year. Income from investment rose by only 10 per cent to 4.5m ringgit.

For the current year, prospects are equally depressing. The tantalum price is still too low to encourage renewed extraction, while operating costs are expected to rise when world tin prices show no sign of moving out of their depressed levels.

Australian Guarantee's first half profit up 38%

BY IAN PERKIN IN MELBOURNE

HIGHER RETURNS on personal loans and substantial profits from direct property development helped Australian Guarantee Corporation lift profits 38.5 per cent from A$32.56m (U.S.$34.2m) to A$45.1m in the six months to March 31.

Total revenue of the group, Australia's biggest finance company which is a subsidiary of the Bank of New South Wales, was up 46.3 per cent from A$305.5m to A$446.9m (U.S.$470m) and net receivables rose 16.7 per cent from A$2.8bn to A$3.3bn.

Interim dividend has been increased from 4.375 cents a share to 5 cents a share on existing units and a 2.5 cents a share dividend will be paid on new shares issued in the group's one-for-seven new issue late last year.

This is in line with the 10 cents a share rate forecast by directors when the issue was announced and is more than three times covered by earnings a share of 18.5 cents compared with 15.3 cents previously.

Profit before tax was up A$58.2m to A$95.9m after charging much higher interest on borrowing A$185.2m (A$134.1m previously) and depreciation A$1.63m (A$1.6m). Tax took a further A$44.5m compared with A$25.2m previously.

Directors said the company had been able to achieve substantial profitability despite an increasingly tight and costly market for funds in Australia.

Apart from strong contributions from finance operations and property development activities, the interim result benefited from reduced losses on loans, the strong growth in net receivables and the ability to hold operating expenses to the same percentage of net receivables as the previous year.

But they also warned that the second six months of the year to September might not be as good as the first.

"There are indications of a slight reduction in demand for financing which might mean a more moderate increase in receivables over the next six months," the company said.

Property development is expected to show a more normal level of completions, sales and profits than the high level attained in the six months.

Trading at seven-year low

BY OUR MELBOURNE CORRESPONDENT

OVERALL TRADING and profitability of companies operating in Australia were at their worst for seven years in the March quarter of this year, according to the latest Australian Chamber of Commerce-National Bank business survey.

The survey shows that only 33 per cent of respondents reported good or satisfactory trading for the March quarter and only 47 per cent got good or satisfactory profits for the same period. This compares with responses of 68 per cent for trading and 63 per cent for profits in the previous quarter.

Although some easing in activity usually occurs during the post-Christmas period, the results were well below respondents' expectations.

According to ACC-National Bank, the results represented the weakest March quarter results since the same quarter in 1975. Together with the results of two other recent surveys they paint a gloomy picture of the Australian business climate.

The index of consumer sentiment of the Institute of Applied Economic and Social Statistics was set at 91.8 points for the March quarter, the lowest March quarter level ever reached in the nine years it has been conducted. It was also close to the record lows established during the nine years — 90.2 in the June quarter of 1979 (the slump before the "resources boom" euphoria) and 90.6 points in the September quarter of 1974 (at the bottom of the oil-crisis slump).

Plascon Evans shows slow growth

By Thomas Sparks in Johannesburg

PLASCON EVANS (Plevans), South Africa's largest paint manufacturer which is 80 per cent owned by Barlow Rand, suffered from narrower margins in the six months ended March 31. First half pre-tax profit rose by 4.5 per cent to R12.4m ($12m) from R11.9m in the corresponding period of 1981.

Interim turnover was 18.4 per cent higher at R112.9m against R95.4m. In the year ended September 30 1981, turnover was R199.5m and pre-tax profits R24.23m.

An unchanged interim dividend of 6 cents has been declared on per share earnings up to 27.1 cents from 26.1 cents.

Steady advance by Amrel

By Our Johannesburg Correspondent

AMALGAMATED RETAIL (AMREL), the furniture and shoe retail group 69 per cent owned by South African Breweries, increased operating profit before tax and interest by 21.1 per cent to R32.2m ($30.8m) in the year ended March 31 1982. In the preceding year, operating profit was R26.6m. Turnover rose 35.4 per cent to R219.6m from R175.1m.

A total dividend of 71 cents has been declared from earnings of 214 cents a share compared with 65 cents on 196 cents a share last year.

Kuwait Airways takes steps to cut losses

By James Dorsey in Kuwait

KUWAITI AIRWAYS Corporation (KAC) has announced a series of measures, including an employment freeze, to reduce its losses, estimated to be KD 7m ($26m). The announcement follows last week's call for austerity measures and rationalisation of public expenditure by Hr Abdul Latif al Hamad, the Kuwaiti Finance Minister. Earlier this week the Kuwaiti Government published its budget, which showed a KD 312.6m ($1,124m) deficit.

Mr Ahmed al Zabin, KAC general manager, said that the airline will make no new appointments unless absolutely necessary, until "the optimum utilisation of existing manpower" has been achieved. KAC at present has a payroll of 6,565.

Further measures to cut losses include a review of current flight routes and existing foreign offices. KAC is considering closing two of its European routes and several of its offices abroad. On the other hand, the airline is convinced it will benefit from rising demand by introducing new routes to Algeria and South Korea.

KAC hopes that the launching of a computerised flight planning system will reduce its fuel expenditure by KD 1.5m a year.

The airline also plans to delegate certain activities to subsidiaries like Kuwait Catering Supplies and Aviation Services Company (KCSAS). This subsidiary is expected to cover all of KAC's catering needs by this summer.

KAC has requested the help of Scandinavian Airline System (SAS) to develop a self-sufficient catering system and train personnel in in-flight kitchen services.

Al-Ahli lifts net income

BY MARY FRINGS IN BAHRAIN

AL-AHLI Commercial Bank improved its net operating income by 67 per cent in 1981, the bank's third year of operation. But overall profit was down from BD 1.1m to BD 794,000 ($2.1m) because the 1980 result included a substantial element of windfall profits from the handling of offshore company share issues.

The latest result represents a return on average assets of 1.22 per cent. Total assets, excluding contra items, amounted to BD 80.6m and loans and advances totalled BD 48m. The directors declared a 12 per cent cash dividend.

During the first quarter of this year, the paid-up capital was doubled to BD 8m through a rights issue at a preferential price of BD 20 per share—a premium of 100 per cent on the nominal value, but well below the level at which Al-Ahli shares have been trading. At the same time the nominal value of the shares was split from BD 10 to BD 1, to bring them within reach of smaller investors.

Improvement at Times Publishing

By Georgie Lee in Singapore

TIMES PUBLISHING Berhad has reported a 19 per cent improvement in group pre-tax earnings to S$28.37m (U.S.13.4m) for the half year to February.

Group trading profit before tax rose by 17.4 per cent to S$25.8m on the back of a 13.7 per cent rise in turnover to S$232m.

The group's share of profit from associated companies was 3½ times higher at S$680,000. However, investment income fell marginally to S$1.9m.

The group also disclosed an extraordinary loss of S$1.89m mainly because of currency differences on consolidation.

An interim gross dividend of 7 per cent has been declared.

Warmer Malaysia-Singapore links help two businessmen

Promet hits its stride

AT THE HEIGHT of the Malaysian share boom in 1981, the one ringgit shares of Promet were chased as high as 11 ringgit. They are now just above 4 ringgit—which is not a bad price for a stock that was quoted at 36 cents before Brian Chang of Singapore and Dato Ibrahim Mohamed took over the company *18 months ago*.

For a long time, political and economic ties between Malaysia and Singapore were strained by divergent policies, and often there was downright hostility. Rewarding ventures shared by the two such as a common currency, an airline and a share market, were split up, often after acrimonious argument, as each went its way to reduce dependence on the other.

In recent years, however, a new mood of co-operation, unfettered by old political and personal rivalries, has come to prevail.

At the highest level, this cordial, business-is-business atmosphere is found in the close rapport between the two Prime Ministers, Dr Mahathir of Malaysia, and Mr Lee Kuan Yew of Singapore.

At the corporate level, perhaps the best illustration is what is happening in Promet. Here the business and technological skills of a young Singaporean have fused with the dynamism and political contacts of a young Malay to create what is one of South East Asia's most promising conglomerates.

A venture of this kind would have been unthinkable five years ago.

Before the 1980 takeover, Promet was known as Bovis Southeast Asia, and before that Gammon. It was controlled by the Peninsular and Oriental Navigation Company of the UK.

Between 1976 and 1980, the concern lost more than 40m ringgit (U.S.$17m). and in October 1980, P & O sold its 54.7m shares, representing 80 per cent of Bovis, to Mr Chang at 45 cents each, or a total of 24.6m ringgit (U.S.$10.6m).

Dato Ibrahim, a close friend of Mr Chang during student days in London, was brought in. The Malaysian became chairman and the Singaporean the managing director. Mr Chang injected his own marine fabrication business, and renamed the company "Promet."

Both men have ambitious plans, and have meant to carry them through amicably.

One of the first things they did was to tackle the main problems of the old company—the loss-making granite works on Karimun Island in Indonesia.

The entire management on the island was fired. Production, which was 60,000 tonnes a month, rose to 120,000 within three months. Output now is 200,000 tonnes a month, and the target is 250,000 tonnes by the year's end, making it the second largest quarry in Asia.

The time taken in supplying customers was considerably reduced by better use of barges and tugboats.

Last year, Karimun contributed 7m ringgit to Promet's profits. The Promet group pretax profit for 1981 was 42m ringgit (U.S.$18m) on a turnover of 370m ringgit (U.S.$160m).

Today, the group consists of over 60 companies—in Malaysia, Singapore, Hong Kong, U.S. and *Panama*. These deal in two main lines—marine fabrication, particularly for the oil industry, and construction and property development.

Its marine yards in Singapore have work until the end of next year.

"Although our yards are building rigs most of the time, they can take on more sophisticated work, like jackets, modules, supply vessels and pipe-laying, which are in good demand. We are not worried," Dato Ibrahim says.

To prove this point, the group has bought a 50 per cent stake in Baker's Port, of the U.S., which owns 3,000 acres of industrial land on the Gulf of Texas. Promet and its partner, Baker Marine, intend to develop it into "an emporium" supplying equipment to the oil industry in the Americas and Europe.

For the Asian market, Promet has acquired 500 acres in Johore State, in Malaysia, fronting Singapore, for another yard. It is to spend 250m ringgit (US$110m) on the project, which will employ 4,000 workers.

"We have only 71 acres in Singapore, and our yards are too congested," Dato Ibrahim says. The Singapore yards employ 2,000 workers.

Promet has also taken a significant step towards becoming an oil operator. There are good chances of its getting a concession area for exploration from the Indonesian authorities. It also hopes to get an exploration concession in East Malaysia.

On the construction side, the group has more than 300m ringgit worth of jobs on hand, including a 36-storey office block in *Kuala Lumpur* for its headquarters, and a 100m ringgit hotel and office block in Kuching, the capital of Sarawak.

Malaysian authorities have given the go-ahead for it to build an oil town in Trengganu, covering 600 to 800 acres, where foreign oil men can live and enjoy a lifestyle without friction with the conservative Moslem population. The cost of the project is set at 1bn ringgit (US$430m)

Dato Ibrahim says that the aggressive development Promet has followed in the past 18 months would not have been possible had it not been for his close contacts with Dr Mahathir, the Prime Minister.

Last July, he donated 1m of his own Promet shares to the Prime Minister's UMNO party for its building fund. But he maintains Dr Mahathir has not favoured Promet because of personal links. "The Prime Minister is a good Moslem and nationalist. He makes his judgment on a proposal on the benefits it brings to the nation.

"We are a young team, with a lot of big ideas. And we have shown we can get things moving. I think he is impressed by that," Dato Ibrahim says.

Certainly, Promet is moving fast. It rose from 71st to 11th position among the top 100 companies on the Malaysian and Singapore stock exchanges last year. It is helped by the expanding economies of the members of the Association of South East Nations.

Mr Brian Chang is 38 and Dato Ibrahim is 39—but their combined wealth is probably in excess of 700m ringgit (US$300m), and they have made this money in the past 10 years. Mr Chang studied electrical engineering at the University of London in the mid-sixties, where he met Dato Ibrahim, who was reading law.

On returning to Singapore, Mr Chang worked as a design engineer with the marine *division of Jardine Matheson*, the Hong Kong-based trading house, later moving on to Far East Levingstone Shipbuilding, of Singapore. He returned to the Jardine's division as a partner, and later bought the business itself.

His big chance came in 1971 when he won an oil rig order from an American company. It was delivered well *ahead of schedule*.

Since then, he has turned his company into one of Singapore's largest rig builders. Engineering talent apart, Mr Chang is commer*cially alert, spending much* time travelling around the world, negotiating contracts and scouting for business opportunities, particularly in the oil-related field.

Dato Ibrahim set up his law office in Kuantan in 1970 with a 9,000 ringgit loan from a government agency. Within two years, it was the biggest in Pahang State.

He invested in property, went into construction, and made strong gains in the share market in 1973. From 1976 to 1979 he was chairman of Genting, the Malaysian casino and hotel group.

Mr Brian Chang

Because of his strong political contacts, Promet, unlike many other companies, is at ease in entering into joint ventures with government agencies. Close contacts with *the Malaysian political leader*ship is vital for business success these days, because of the increasing government involvement in the corporate sector.

Mr Brian Chang is based in Singapore and Dato Ibrahim in Kuala Lumpur. They contact each other daily by telephone, and meet two or three times a month.

Mr Chang holds 43 per *cent and Dato Ibrahim 29 per* cent of the 207m shares in Promet.

Wong Sulong

Fresh early Wall St decline

SOME heavily-traded issues advanced on Wall Street yesterday morning, but in general the market pointed lower as investors wrestled with the problem of President Reagan's inability to work out a compromise with Congress on his Federal Budget plans. Worry about the Falkland Islands also continued to dampen sentiment.

The Dow Jones Industrial Average was 3.71 lower at 848.83 at 1 pm, while the NYSE All Common Index shed 33 cents to $67.22. Falls outpaced rises by a two-to-one margin after a fairly large volume of 38.42m shares, compared with the previous day's 1 pm figure of 35.64m.

The White House said it was not optimistic about chances of settling the Falklands dispute peaceably.

Winnebago, a strong performer on the most active list, rose a point to $6½. Woolworth, also heavily traded, gained 1⅞ to $19⅞.

Sterling Drug, however, fell 2¼ to $24⅞ on more than 1m shares traded. Consumer activist Ralph Nader's health research group charged that Reye's Syndrome in children is linked to the use of aspirin. Sterling, maker of Bayer aspirin, called the charges "scientifically unfounded."

Among other heavily-traded issues, General Motors lost ⅛ to $42½, IBM ¼ to $64⅝ and American Telephone ¼ to $54¼.

THE AMERICAN SE Market Value Index slipped 0.69 to 272.14 at 1 pm on volume of 2.67m shares (2.82m).

Champion Home Builders, the most active stock, was unchanged at $2¼ on nearly 100,000 shares.

Canada

Markets continued their recent downward slide in moderate early dealings, leaving the Toronto Composite Index 10.3 weaker at 1,555.8 at midday.

On trading of 2.08m shares, falls led gains by 189 to 88. Twelve of the 14 indices were lower. Golds slipped 18.6 to 2,155.1 and Oil and Gas 6.0 to 2,702.3.

MSR Exploration was up ⅛ at C$5⅛. Richardson Securities of Canada recommended the stock in a recent report because of its "solid" financial position and future production prospects.

Germany

With the favourable effects of Wednesday's news of West Germany's record trade surplus for March counterbalanced by worries over the Falkland Islands crisis, Bourse prices ended on a mixed note yesterday with mainly minor movements. However, there was an increase in purchasing interest late in the session, believed to have been triggered by Swiss addresses.

Banks were said to have received the brunt of interest in the last-minute rally, with Deutsche Bank pacing the sector with a DM 2.70 rise. Bayerische Vereinsbank, favoured in recent weeks, gained DM 2.50.

In Electricals, Brown Boveri, which is cutting its dividend by DM 2 to DM 6 and has reported a 50 per cent drop in consolidated net 1981 profits, fell DM 8.30 more to DM 201.70. AEG, in contrast, benefited from a recommendation in a Bourse newsletter and improved DM 1.40 to DM 43.70.

Hong Kong

After surrendering a little more of its recent good rise, the market picked up late in the session on meeting selective fresh buying to end on a mixed note.

The Hang Seng index lost another six points initially before improving to record a gain of 3.44 on the day at 1,303.09. Trading was reasonably active, turnover amounting to HK$388.20m on the four exchanges against the short Wednesday session total of HK$338.40m.

Brokers said that the Hong Kong Land-led group of investors who took a controlling interest in Hong Kong Electric after a dawn raid on Monday, found that they were not able to buy additional shares at the lower levels to which the Utility's shares had been drifting initially yesterday. Therefore, they bid up the price in late trading, which helped trigger some selective buying elsewhere in the market.

HK Electric closed 20 cents higher on balance at HK$6.70, while another Utility, China Light, put on 40 cents to HK$14.50 in sympathy. HK Land finished unchanged at HK$7.30.

Analysts said they continue to see an improvement in market sentiment, but still expect some further consolidation in the near-term following the rally over the past week, more and more of the analysts said they sense the possibility of another strong rally in the medium-term once the market digests its recent gains.

Switzerland

Share prices were generally modestly easier on the Basle Stock Exchange after the Zurich market, for the second time in two months, was forced to close early by a fire.

Official trading finished on the Zurich Exchange at about 08.35 GMT after the market had been open for less than an hour. Equipment malfunctioning during the renovation of a restaurant, housed in a lower floor of the Stock Exchange building, had caused smoke to penetrate the ventilation system and make further business in the stock trading room impossible, dealers said.

Volume on both Exchanges had been thin, and traders believed that investors were becoming hesitant about major new positions with prospects for further easing of Swiss interest rates doubtful and with the international political climate so unsettled.

Chief dealers at several major banks believed that trading would proceed as normal on the Zurich Exchange today, but spokesmen for the Exchange could not be reached for official confirmation.

Australia

Repeating Wednesday's trading pattern, markets were inclined to soften in early trading yesterday but picked up somewhat later.

Brokers said a large number of April series Call Options in leading stocks had been exercised before expiry yesterday, which gave markets the late uplift.

Industrials ended firmer for choice on the day, although a slightly easier bias still prevailed in the Minings and Oils sectors at the close.

The All Ordinaries index again ended slightly higher on balance, up 0.4 at 505.7, but the Oil and Gas index was 3.9 lower at 472.6.

Overall market leader BHP traded as low as A$7.84 before rallying to A$7.94, unaltered on the day.

Among Oils, Santos lost 10 cents to A$5.16 and Bridge 5 cents to A$3.20. Vamgas, after an oil flow from its Biina No 4 well, was steady at A$7.30.

In the Industrials group, News climbed 12 cents to A$2.15 and Boral 10 cents to A$2.70.

Australian Guarantee, the finance arm of Bank of New South Wales, was unmoved at A$2.25 despite reporting a 38.5 per cent after-tax half-year profit rise. Bank of New South Wales hardened 3 cents to A$2.76.

Johannesburg

Gold shares were easier with the Bullion price, but elsewhere, shares were little changed in very slow trading.

Heavyweight gold producers Western Holdings and President Steyn shed 125 cents apiece to R43.75 and R28.50 respectively.

In Diamonds, De Beers showed no reaction to the chairman's review, holding unchanged at R5.00.

Tokyo

The market was closed yesterday for the Emperor's Birthday holiday.

Closing prices for North America were not available for this edition.

NEW YORK

[illegible]

CANADA

[illegible]

BELGIUM (continued) — HOLLAND — AUSTRALIA — JAPAN (continued) — DENMARK — FRANCE — ITALY — NORWAY — HONG KONG — SINGAPORE — SWEDEN — SOUTH AFRICA — GERMANY — JAPAN — AUSTRIA — SWITZERLAND — BELGIUM/LUXEMBOURG — BRAZIL

[illegible]

Financial Rand US$0.79 (Discount of 18%)

Indices

NEW YORK —DOW JONES

[illegible]

STANDARD AND POORS

[illegible]

NY. S.E. ALL COMMON

[illegible]

MONTREAL

[illegible]

NEW YORK ACTIVE STOCKS

[illegible]

LONDON STOCK EXCHANGE

Markets rise afresh despite prevailing uncertainty
Share index gains 6.7 to 582.0—ICI disappoints

Account Dealing Dates

First Dealings	Option Declarations	Last Dealings	Account Day
Apr 19	Apr 29	Apr 29	May 10
Apr 30	May 13	May 14	May 24
May 17	Jun 3	Jun 4	Jun 14

* " New time " dealings may take place from 9.30 am two business days earlier.

Disappointing first-quarter figures from ICI, which touched 306p before closing 6 down at 318p, slightly dampened another good performance in London stock markets yesterday.

Despite the prevailing uncertainty, leading shares continued to edge higher and were looking distinctly firm in the late dealings with company trading statements again enlivening the day's proceedings. Underlying conditions, however, remained extremely sensitive pending further developments in the Falkland Islands crisis.

Measuring the trend, the FT 30-share index improved to show a rise of 4.8 at noon, but the gain was reduced to 3.7 an hour later following ICI's figures. Thereafter, the trend held quietly steady until the late dealings when a rise of 3.3 in the index at 3 pm was extended to 6.7 at the close of 582.0. The volume of trade was low, yesterday, the last day of the Account, co-inciding with the conclusion of the financial year for several jobbing firms which tended to further restrict business.

Among the day's outstanding features, Blue Circle responded strongly to favourable comment on the preliminary figures with a rise of 24 at 482p and Grindlays moved sharply higher on speculative buying accompanied by talk of a dawn raid today.

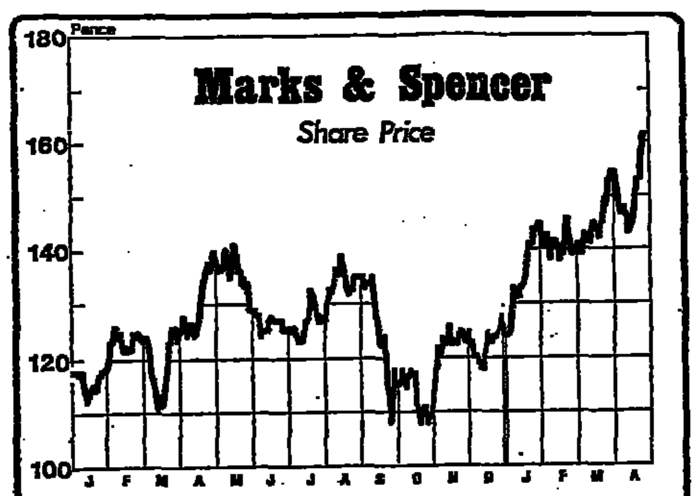
Year-end book squaring also tended to restrict business in the Gilt-edged sector but, as in equities, uncertainty about the Falkland crisis failed to halt an extension of the previous day's late turn for the better. Quotations at the long end of the market ended with gains ranging to ⅜ and sometimes ½. Short-dated issues recorded further rises extending to ⅛ and the Government Securities index closed 0.16 higher at 67.86.

Grindlays jump

Grindlays highlighted the banking sector, jumping 20 to 206p on a resurgence of speculative buying fuelled by talk of an imminent dawn raid. Lloyds Bank, the owner of a 41.4 per cent stake in Grindlays, eased to 404p before closing a couple of pence off at 406p. Other clearing banks were dull but closed a shade above the day's lowest.

The chairman's announcement that the company had won export orders worth £1.5m helped AIM Group to rise 5 to 153p. Continental Microwave, Wednesday's newcomer to the Unlisted Securities Market, firmed 5 to 317p compared with the placing price of 260p.

In the drinks sector, Tomatin continued to attract speculative interest and added 4 for a two-day gain of 11 at 60p.



Buildings displayed several firm features. Press comment on the preliminary results prompted demand for Blue Circle which put on 26 to 494p, while Tarmac, still responding to the annual trading statement, rose another 6 to 540p. Satisfactory preliminary profits and the chairman's confident statement lifted George Wimpey 9 to 116p, while Tilbury Group, responding afresh to favourable Press comment, gained another 10 to 435p. John Mowlem, annual results due next Wednesday, firmed 7 to 202p, but Ben Bailey shed a penny to 14p on the half-year loss and dividend cut. Elsewhere, Marshalls (Halifax), a neglected market recently, met renewed investment support and gained 8 to 103p.

ICI dropped to 306p on first-quarter profits well below market estimates before rallying on bear-closing to settle only 6 cheaper on balance at 318p. Late support left Fisons 3 dearer at 232p, while Coates Brothers "A" put on 4 to a 1982 peak of 83p.

Great Universal Stores, which launched a bid for mail-order house Empire last Wednesday, purchased 14.68 per cent of the equity through the market at just over 113p per share bringing its holding to 29.9 per cent. Empire touched 114p on the move but eased to close a net 2 cheaper at 108p. GUS "A" moved between extremes of 491p and 487p before finishing 2 down on balance at 488p. Sears, widely mooted as a rival suitor for Empire, firmed 3 to 64p.

Elsewhere in Stores, excellent preliminary results from Marks and Spencer were fully discounted and the close was only a penny better at 162p, after 165p. House of Fraser, which announced annual results on Wednesday, firmed a couple of pence to 158p, while W. H. Smith touched 192p before settling for a net gain of a penny at 188p. Selected secondary issues responded to speculative buying. Vantona, 135p, J. Hepworth, 97p, and Owen Owen, 164p, all added around 4, while Lee Cooper advanced 8 to 128p.

Among Shoes, dealings in David Scott were temporarily suspended at 24p in front of the announcement of factory closures and redundancies: the shares returned from suspension a net 1¼ lower at 23p.

Plessey feature

Buyers continued to show an interest in Plessey following recent Press comment, and the shares closed a further 10 up and 20 better on the week so far at a 1982 peak of 397p. Other Electrical leaders also moved higher with demand continuing after-hours. GEC, 855p, and Racal, 398p, rose 8 and 6 respectively. Elsewhere, Automated Security appreciated 10 to 240p and Farnell added 5 to 198p. Cray Electronics put on 5 to 60p as did Electrocomponents, to 183p.

Numerous features emerged among secondary Engineerings. Hopkinsons rose 8 to 120p in response to doubled preliminary profits and proposed one-for-six scrip issue, while United Wire added 5 to 96p following better-than-expected first-half earnings. Reflecting the reduced deficit, Evered hardened a couple of pence to 23p. Simon, still drawing strength from recent good results, firmed 7 more for a rise on the week so far of 32 to 395p. Anderson Strathclyde came in for a bout of late buying for the new Account and finished 10 better at 117p, while Yarrow recorded a similar improvement at 310p. Wadkin, on the other hand, lost 8 for a two-day relapse of 13 to 85p following further consideration of poor annual results. Apart from GKN, which met profit-taking after the recent good rise to close 2 cheaper at 172p, the leaders moved higher although the volume of business was small. Tubes improved 4 to 154p and Vickers 3 to 163p with the latter's new nil-paid shares finishing 4 to the good at 17p premium.

Further demand ahead of the preliminary results, due next Wednesday, lifted J. Sainsbury 10 to a 1982 peak of 620p, but Kwik Save, half-year results due next Thursday, softened a couple of pence to 248p. Elsewhere in the Food sector, British Sugar added 5 to 475p and Avana 6 to

Savoy "A" firmed 6 for a two-day gain of 8 to 202p with the "B" a point up at £20 following the smaller-than-expected annual loss and the statement on current trading.

Turner & Newall good

Miscellaneous Industrial leaders generally shrugged aside ICI's disappointing quarterly statement and closed firmer for choice, but below the best in places. The late dealings were featured by buying for the new Account of Turner and Newall, which finished 5 to the good at 68p. Rank Organisation lost 4 more to 166p, sentiment still soured by disappointing quarterly figures from Xerox. Elsewhere, Henry Boot advanced 11 to 225p on the good results and Office and Electronic gained 10 to 325p, after 330p, also following satisfactory trading news. Reduced first-quarter losses helped Hoover A to rise 5 to 105p, after 107p, while renewed speculative buying prompted fresh gains of 4 and 6 respectively in Booker McConnell, 71p, and Avon Rubber 113p. Speculative demand also enabled Hawley to add 6 to 91p. New Equipment closed a similar amount better, at 39p, while ahead of next month's preliminary results, Extel gained 5 further to 258p.

The increased annual profits and dividend reported by Flight Refuelling came as no surprise and the shares, a firm market of late, reacted to profit-taking and finished 12 down at 263p. Other Motor Components ended with modest gains, where altered. Distributors were irregular. Henlys added 3 more to 110p, but Charles Hurst and Western Motor succumbed to scattered selling in restricted markets and eased 5 to the common price of 50p.

Depressed recently by adverse Press comment, Properties met renewed support and closed with useful gains in places. Land Securities improved 8 to 286p and MEPC 3 to 196p, while Hammerson A put on 15 to 600p. Haslemere Estates firmed 4 to 364p, while Slough Estates, 130p, and Capital and Counties, 128p, added 2 apiece. Stock Conversion rose 5 to 220p.

Carless drilling report

The Oil sector featured the Humbly Grove participants, which moved sharply higher following the favourable No. 3 well drilling report; Carless Capel gained 9 to 192p and Candecca 13 to 218p, while Marinex put on 16 to 123p. The oil majors, easier at first, usually erased early falls to close on a firm note.

A couple of bright spots emerged among generally subdued Financials. Yule Catto advanced 5 to 57p following the sharply increased annual profits and dividend, while news of a bid approach lifted Welbeck 3 for a two-day gain of 8 to 45p.

Shippings usually displayed modest gains. P & O Deferred were briskly traded and closed 4 higher at 140p; the preliminary results are expected next Wednesday.

Support was noted for leading Textiles with Tootal, annual results scheduled for Tuesday, adding 2½ to a 1982 peak of 42½p.

Golds lower

Renewed weakness in the bullion price coupled with a downturn in the Financial Rand rate left South African mining issues showing substantial losses for the third successive day.

Persistent London and Continental selling, only partly offset by cheap buying, thought to have originated from Switzerland encouraged losses ranging to 1 as in Vaal Reefs, £26, while falls of ½ were common to Randfontein, £24½, Buffels, £14⅛, and President Steyn, £12½.

The Gold Mines index dropped 6.3 more to 246.5—a three day decline of 20.6. Gold bullion fell $1.5 to $350.50 an ounce.

Other South African issues followed a similar path with recently firm Coals notably under pressure. "Amcoal" featured with a 1 decline to £13½, while Rand London Corporation dipped 5 to a 1982 low of 65p.

Australians remained quietly steady. Minor losses in the leaders reflected lack of progress in precious and base-metal prices while the speculative oil and gas issues gave ground in the absence of any significant news from the drilling rigs.

Activity in Traded Options improved slightly and contracts completed yesterday rose to 1,772—1,419 calls and 353 puts. Marks and Spencer attracted 222 calls following the preliminary figures, while P & O Deferred, due to report shortly, recorded 176. Imperial and ICI were dealt 268 and 131 times respectively, while Racal return to favour and attracted 193 calls with 112 struck in the May 390's.

OPTIONS

First Deal-ings	Last Deal-ings	Last Declara-tion	For Settle-ment
April 26	May 7	July 29	Aug 9
May 10	May 21	Aug 12	Aug 23
May 24	June 11	Sept 2	Sept 13

For rate indications see end of Share Information Service

Calls were taken out in F. H. Tomkins, Whittington Estates, ICL, First National Finance, Town and City Properties, Sound Diffusion, Premier Oil, Smith St Aubyn, KCA International, Rothmans International, Clyde Petroleum and Marinex. No puts were reported, but doubles were arranged in RTZ, Town and City Properties and First National Finance.

RISES AND FALLS YESTERDAY

	Rises	Falls	Same
British Funds	83	1	9
Corpns.. Dom. and Foreign Bonds	14	3	58
Industrials	292	166	864
Financial & Props.	164	61	283
Oils	28	27	52
Plantations	1	2	20
Mines	13	72	75
Others	47	52	81
Totals	642	384	1,442

FINANCIAL TIMES STOCK INDICES

	April 29	April 28	April 27	April 26	April 23	April 22	A year ago
Government Secs	67.86	67.70	67.72	67.59	67.61	67.67	68.90
Fixed Interest	68.12	68.00	67.93	67.88	68.24	68.19	70.95
Industrial Ord	582.0	575.3	570.2	568.0	567.1	569.0	597.3
Gold Mines	246.5	252.8	255.8	267.1	260.1	250.7	345.7
Ord. Div. Yield	5.44	5.49	5.50	5.52	5.52	5.52	5.51
Earnings, Yld.% (full)	11.40	10.89	10.99	11.01	11.02	11.05	10.88
P/E Ratio (net) (*)	10.98	11.52	11.51	11.49	11.48	11.36	11.50
Total bargains	17,394	16,267	15,928	16,121	15,415	15,210	28,244
Equity turnover £m	—	129.07	135.57	103.19	118.59	151.74	232.77
Equity bargains	—	13,331	13,389	11,850	12,398	12,550	24,435

10 am 578.1. 11 am 580.1. Noon 580.1. 1 pm 579.0. 2 pm 578.9. 3 pm 578.6.

Basis 100 Govt. Secs. 15/10/26. Fixed Int. 1928. Industrial Ord. 1/7/35. Gold Mines 12/9/55. SE Activity 1974.

Latest Index 01-246 8026.

*Nil=10.22.

HIGHS AND LOWS

	1982 High	1982 Low	Since Compilat'n High	Since Compilat'n Low
Govt. Secs	69.55 (28/5)	61.89 (8/1)	127.4 (9/1/35)	49.18 (3/1/75)
Fixed Int.	69.74 (2/4)	62.79 (11/1)	150.4 (28/11/47)	50.53 (3/1/75)
Ind. Ord.	582.0 (29/4)	518.1 (5/1)	597.3 (30/4/81)	49.4 (26/6/40)
Gold Mines	302.0 (5/1)	209.2 (8/3)	558.9 (22/9/80)	43.5 (26/10/71)

S.E. ACTIVITY

	April 28	April 27
Daily Gilt Edged Bargains	130.1	145.7
Equities Bargains	86.4	86.7
Value	260.9	270.0
5-day Avrge. Gilt-Edged Bargains	139.7	144.2
Equities Bargains	82.5	80.3
Value	257.1	247.3

RECENT ISSUES

EQUITIES

Issue price p	Amount paid up	Latest Renunc. date	1982 High	1982 Low	Stock	Closing price p	+ or −	Div. amount	Times covered	Gross yield	P/E ratio
140	F.P.	14/5	165	140	AIM Group 10p	153	+5	[illegible]	[illegible]	[illegible]	[illegible]
142	F.P.	26/5	212	186	Amersham	211	+3	[illegible]	[illegible]	[illegible]	[illegible]
15	F.P.	15/4	29	19	Cambrian & Gen.7p	28		[illegible]	[illegible]	[illegible]	[illegible]
105	F.P.	21/5	109	105	Cass Group 10p	107	−1	[illegible]	[illegible]	[illegible]	[illegible]
260	F.P.	—	317	293	Cn'n'tl Micr'w'e	317	+5	[illegible]	[illegible]	[illegible]	[illegible]
60	F.P.	28/5	62	51	DeBrettAndrel 10p	61		[illegible]	[illegible]	[illegible]	[illegible]
102	F.P.	—	125	122	Dew (George)	125		[illegible]	[illegible]	[illegible]	[illegible]
150	F.P.	—	145	140	Druck Hldgs	144		[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	F.P.	—	40	27	Greentrar Warrants	40					
[illegible]	F.P.	—	16	10	Grip Inv Option Crts	16					
180	F.P.	16/3	250	245	Ho Technology	248		[illegible]	[illegible]	[illegible]	[illegible]
190	F.P.	5/3	93	88	Imm. Bus. Sys. 10p	89		[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	F.P.	—	275	267	Jebsens Drilling	265		[illegible]	[illegible]	[illegible]	[illegible]
125	F.P.	7/6	134	128	Leisure Inds	128		[illegible]	[illegible]	[illegible]	[illegible]
1150	F.P.	16/4	170	137	Oceonics 10p	168		[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	F.P.	—	30	30	Osprey Assets	30					
[illegible]	F.P.	—	42	39	P. H. Industrials	41½		[illegible]	[illegible]	[illegible]	[illegible]
135	F.P.	13/5	141	135	Standard Secs	136		[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	F.P.	—	85	70	Zambia Cons Cpr 10K	70	−10				

FIXED INTEREST STOCKS

Issue price £	Amount paid up	Latest Renunc. date	1982 High	1982 Low	Stock	Closing price £	+ or −
100	F.P.	14/4	116	110	Boddingtons Brew 9½% Cnv. Ln. 2000-05	112	[illegible]
100	£10	24/6	10½	10½	Bristol Water 9% Prof.	10½	[illegible]
[illegible]	£25	14/7	25	21½	Crcd. Foncier 9% France Ln. 2007	[illegible]	[illegible]
100	£10	1/7	11½	11½	East Anglia Water 9% Red. Prf. 1987	11½	[illegible]
100	F.P.	—	125	116	First Nat. 12pc Conv. Uns. Ln. 1987-92	[illegible]	[illegible]
100	F.P.	22/5	109	97	Hunting Pet. 10% Cnv. Ln. 1997	105	[illegible]
99	F.P.	29/4	10¼	9½	Lee Valley 9½% Red. Prf. 1987	[illegible]	[illegible]
100	F.P.	—	100	99½	Nationwide Bdg. Soc. 14¼% 14.5.83	100	[illegible]
100	F.P.	—	100¼	99½	Do. 14½% 4.4.83	[illegible]	[illegible]
100	F.P.	—	100¼	100	Do. 14½% 25.4.83	[illegible]	[illegible]
100	F.P.	29/4	111	109½	Queens Moat 10% Cnv. 89-91	111	[illegible]
100	F.P.	16/4	102½	100p	Rowtons 13½% Cum. Prf.	102p	[illegible]
98.53	£20	20/5	25½	19¾	Trans-Canad Pipelines 16½% Notes 2007	25½	[illegible]

"RIGHTS" OFFERS

Issue price p	Amount paid up	Latest Renunc. date	1982 High	1982 Low	Stock	Closing price p	+ or −
10	F.P.	27/4 28/5	13½	13	Ansbacher (H.) 5p	[illegible]	[illegible]
170	Nil	13/5 24/6	20pm	20pm	Bank Leumi (UK) £1	[illegible]	[illegible]
135	F.P.	21/4 28/5	152	135	Beazer (C. H.) 10p	152	[illegible]
A51	Nil	—	1½pm	½pm	Bond Corp	[illegible]	[illegible]
100	F.P.	15/3 19/4	110	75	Clyde Petroleum	[illegible]	[illegible]
20	F.P.	29/3 25/5	60	50	First Castle 10p	56	[illegible]
20	F.P.	30/4 28/5	86	57	Fisher (A.)	[illegible]	[illegible]
5	Nil	10/5 21/6	1pm	½pm	Growbell 5p	[illegible]	[illegible]
160	F.P.	22/3 29/4	186	164	Hunting Pet. Services	186	[illegible]
120	Nil	7/5 4/6	34pm	24pm	Lilley (F.J.C.)	[illegible]	[illegible]
145	Nil	12/5 7/6	43pm	35pm	Low Wm. 20p	[illegible]	[illegible]
[illegible]	Nil	—	14pm	4pm	North Kalgurli	[illegible]	[illegible]
8	F.P.	19/4 21/5	8	6½	Platinum Ex.	[illegible]	[illegible]
27	F.P.	29/4 27/5	28½	27½	Queens Moat	[illegible]	[illegible]
98	F.P.	16/4 14/5	104	99	Riley Leisure	[illegible]	[illegible]
75	F.P.	8/4 6/5	120	98	St. George's Grp. 10p	[illegible]	[illegible]
170	Nil	—	52pm	45pm	Steel Bros.	[illegible]	[illegible]
9	F.P.	24/3 23/4	15½	13½	Sturla 10p	[illegible]	[illegible]
133	Nil	10/5 10/6	18pm	15pm	Vickers (£1)	[illegible]	[illegible]

Renunciation date usually last day for dealing free of stamp duty. b Figures based on prospectus estimate. d Dividend rate paid or payable on part of capital; cover based on dividend on full capital. g Assumed dividend and yield. t Indicated dividend: cover relates to previous dividend, P/E ratio based on latest annual earnings. u Forecast dividend: cover based on previous year's earnings. F Dividend and yield based on prospectus or other official estimates for 1982. Q Gross. T Figures assumed. ¶ Figures or report awaited. ‡ Cover allows for conversion of shares not now ranking for dividend or ranking only for restricted dividends. § Placing price. p Pence unless otherwise indicated. ¶ Issued by tender. ‖ Offered to holders of ordinary shares as a "rights." ** Issued by way of capitalisation. §§ Reintroduced. ¶¶ Issued in connection with reorganisation, merger or take-over. ‖‖ Introduction. □ Issued to former preference holders. ■ Allotment letters (or fully-paid). ● Provisional or partly-paid allotment letters. ★ With warrants. †† Dealings under special Rule. ‡‡ Unlisted Securities Market. ‡‡ London Listing. † Effective issue price after scrip. † Formerly dealt in under Rule 163(2)(a). ‡‡ Unit comprising five ordinary and three Cap. shares. Δ Issued free as an entitlement to Ordinary holders.

ACTIVE STOCKS

Above average activity was noted in the following stocks yesterday

Stock	Closing price pence	Day's change	Stock	Closing price pence	Day's change
Blue Circle	494	+26	Lloyds Bank	406	−2
Candecca	218	+13	Marks & Spencer	162	+1
Empire Stores	108	−2	Plessey	397	+10
Flight Refuelling	263	−12	Smith (W.H.) A	188	+1
Grindlays	206	+20	Turner & Newall	68	+5
ICI	318	−6	Wimpey (G.)	116	+9

WEDNESDAY'S ACTIVE STOCKS

Based on bargains recorded in S.E. Official List

Stock	Wednesday's No. of price changes	Wednesday's closing price pence	Day's change	Stock	No. of price changes	Wednesday's closing price pence	Day's change
BAT Inds	27	460	+37	P. & O. Defd	13	136	+3
ICI	16	324	+4	Unilever	13	665	−10
Crl Microwave	15	312	+52	BP	12	326	+4
GEC	15	847	+7	Burmah Oil	12	150	+3
Courtaulds	14	86	+1	Grand Met	12	256	+3
Shell Transport	14	416	—	LASMO	12	[illegible]	[illegible]
Imp Group	13	98½	+1½	Tozer Kemsley	12	61	−6

WORLD VALUE OF THE DOLLAR

Bank of America NT & SA, Economics Department, London

The table below gives the rates of exchange for the U.S. dollar against various currencies as of Wednesday, April 28, 1982. The exchange rates listed are middle rates between buying and selling rates as quoted between banks, unless otherwise indicated. All currencies are quoted in foreign currency units per one U.S. dollar except in certain specified areas. All rates quoted are indicative. They are not based on, and are not intended to be used as a basis for, particular transactions.

Bank of America NT and SA does not undertake to trade in all listed foreign currencies, and neither Bank of America NT and SA nor the Financial Times assume responsibility for errors.

Country	Currency	Value of dollar
Afghanistan	Afghani (O)	68.25
Albania	Lek	5.67
Algeria	Dinar	4.54
Andorra	Fr. Franc	6.144
	Sp. Peseta	104.30
Angola	Kwanza	30.214
Antigua	E. Caribbean $	2.7025
Argentina	Peso (1)(2)	11675.
Australia	Dollar	0.945
Austria	Schilling	16.60
Azores	Port. Escudo	71.85
Bahamas	Dollar	1.00
Bahrain	Dinar	0.377
Balearic Is	Sp. Peseta	104.30
Bangladesh	Taka	21.45
Barbados	Dollar	2.01
Belgium	Franc (C)	44.46
	Franc (F)	47.69
Belize	Dollar	2.00
Benin	C.F.A. Franc	307.20
Bermuda	Dollar	1.00
Bhutan	Ind. Rupee	9.3985
Bolivia	Peso	43.565
Botswana	Pula	0.9318
Brazil	Cruzeiro	155.225
Brunei	Dollar	2.1135
Bulgaria	Lev	0.945
Burma	Kyat	8.4516
Burundi	Franc	90.00
Cameroun Rp.	C.F.A. Franc	307.20
Canada	Dollar	1.2266
Canary Is	Sp. Peseta	104.30
Cape Verde Is	Escudo	54.70
Cayman Is	Dollar	0.835
Cen. Af. Rep.	C.F.A. Franc	307.20
Chad	C.F.A. Franc	307.20
Chile	Peso	39.00
China	Renminbi Yuan	1.8287
Colombia	Peso (O)	62.01
Comoros	C.F.A. Franc	307.20
Congo (P'ple Rep. of)	C.F.A. Franc	307.20
Costa Rica	Colon (O)	8.60
	Colon (F)	38.09
Cuba	Peso	0.8144
Cyprus	Pound*	2.1566
Czechoslovakia	Koruna (O)	5.85
Denmark	Krone	8.0035
Djibouti Rp. of	Fr.	177.72
Dominica	E. Caribbean $	2.7025
Domin. Rep.	Peso	1.00
Ecuador	Sucre (O)	25.00
	Sucre (F)	43.20
Egypt	Pound* (1)	1.1976
	Pound* (L)	1.2151
	[illegible]	2.50
El Salvador	Colon	2.50
Eq'tl Guinea	Ekuele	208.60
Ethiopia	Birr (O)	2.0723
Faroe Islands	Dan. Krone	8.0035
Falkland Is	Pound*	1.7813
Fiji	Dollar	0.9162
Finland	Markka	4.535
France	Franc	6.144
Fr. C'ty in Af.	C.F.A. Franc	307.20
Fr. Guiana	Franc	6.144
Fr. Pac. Is	C.F.P. Franc	108.664
Gabon	C.F.A. Franc	307.20
Gambia	Dalasi	2.2436
Germany (E)	Ostmark (O)	2.354
Germany (W)	Mark	2.354
Ghana	Cedi	2.75
Gibraltar	Pound*	1.7813
Greece	Drachma	63.30
Greenland	Dan. Krone	8.0035
Grenada	E. Caribbean $	2.7025
Guadaloupe	Franc	6.144
Guam	U.S. $	1.00
Guatemala	Quetzal	1.00
Guinea Bissau	Peso	39.08
Guinea Rep.	Syli	21.925
Guyana	Dollar	2.9793
Haiti	Gourde	5.00
Honduras Rep.	Lempira	3.00
Hong Kong	Dollar	5.8255
Hungary	Forint	34.9827
Iceland	Krona	10.3262
India	Rupee	9.3985
Indonesia	Rupiah	652.50
Iran	Rial (O)	82.92
Iraq	Dinar	0.2953
Irish Rep.	Punt*	1.4678
Israel	Shekel	20.37
Italy	Lira	1302.55
Ivory Coast	C.F.A. Franc	307.20
Jamaica	Dollar	1.788
Japan	Yen	236.83
Jordan	Dinar	0.346
Kampuchea	Riel	[illegible]
Kenya	Shilling	10.8059
Korea (Nth)	Won	0.945
Korea (Sth)	Won	718.80
Kuwait	Dinar	0.285
Lao P'ple D. Rep.	Kip	10.00
Lebanon	Pound	4.9665
Lesotho	Loti	1.0454
Liberia	Dollar	1.00
Libya	Dinar	0.2961
Liechtenst'n	Sw. Franc	1.9477
Luxembourg	Lux Franc	44.46
Macao	Pataca	6.7064
Madagascar D. R.	Franc	307.20
Madeira	Port. Escudo	71.85
Malawi	Kwacha	1.1134
Malaysia	Ringgit	2.32
Maldive Is	Rufiyaa (O)	3.93
	Rufiyaa (M)	7.05
Mali Rp.	Franc	614.40
Malta	Pound*	[illegible]
Martinique	Franc	6.144
Mauritania	Ouguiya	51.29
Mauritius	Rupee	11.1023
Mexico	Peso	46.80
Miquelon	Fr. Franc	6.144
Monaco	Fr. Franc	6.144
Mongolia	Tugrik (O)	[illegible]
Montserrat	E. Caribbean $	2.7025
Morocco	Dirham	5.6699
Mozambique	Metica	[illegible]
Namibia	S.A. Rand	1.0454
Nauru	Aust. Dollar	0.945
Nepal	Rupee	13.20
Netherlands	Guilder	2.5145
Neth. Ant'les	Guilder	1.80
New Zealand	Dollar	1.3005
Nicaragua	Cordoba	10.05
Niger Rp.	C.F.A. Franc	307.20
Nigeria	Naira (O)	0.6595
Norway	Krone	6.019
Oman, Sultanate of	Rial	0.3456
Pakistan	Rupee	11.6578
Panama	Balboa	1.00
Papua N.G.	Kina	0.7197
Paraguay	Guarani	126.00
Peru	Sol	603.01
Philippines	Peso	8.378
Pitcairn Is	N.Z. Dollar	1.3005
Poland	Zloty (O)	80.00
Portugal	Escudo	71.85
Port Timor	Escudo	n.a.
Puerto Rico	U.S. $	1.00
Qatar	Riyal	3.6397
Reunion Ile de la	Fr. Franc	6.144
Romania	Leu (O)	4.47
Rwanda	Franc	92.84
St. Christopher	E. Caribbean $	2.7025
St. Helena	Pound*	1.7813
St. Lucia	E. Caribbean $	2.7025
St. Pierre	Fr Franc	6.144
St. Vincent	E. Caribbean $	2.7025
Samoa (Western)	Tala	[illegible]
Samoa (Am.)	U.S. $	1.00
San Marino	It. Lira	1302.55
Sao Tome & Principe DR	Dobra	40.1902
Saudi Arabia	Riyal	3.4305
Senegal	C.F.A. Franc	307.20
Seychelles	Rupee	7.2894
Sierra Leone	Leone	1.2141
Singapore	Dollar	2.1135
Solomon Is	Dollar	0.9138
Somali Rep.	Shilling (3)	[illegible]
	Shilling (4)	[illegible]
South Africa	Rand	1.0454
Spain	Peseta	104.30
Span. Ports in N. Africa	Peseta	104.30
Sri Lanka	Rupee	20.65
Sudan Rep.	Pound (1)	1.1111
	Pound (O)	[illegible]
Surinam	Guilder	1.785
Swaziland	Lilangeni	1.0454
Sweden	Krona	5.8495
Switzerland	Franc	1.9477
Syria	Pound	3.925
Taiwan	Dollar (O)	38.18
Tanzania	Shilling	8.2608
Thailand	Baht	23.00
Togo Rep.	C.F.A. Franc	307.20
Tonga Is	Pa'anga	0.945
Trinidad & Tobago	Dollar	2.409
Tunisia	Dinar	0.5645
Turkey	Lira	147.30
Turks & Caicos	U.S. $	1.00
Tuvalu	Aust. Dollar	0.945
Uganda	Shilling	78.00
U.A.E. Emir.	Dirham	3.6731
Utd. Kingdom	Pound Sterling*	1.7813
Upper Volta	C.F.A. Franc	307.20
Uruguay	Peso	12.1245
U.S.S.R.	Rouble	0.7738
Vanuatu	Vatu	99.297
	Aust. Dollar	0.945
Vatican	Lira	1302.55
Venezuela	Bolivar	4.2937
Vietnam	Dong (O)	2.18
Virgin Is. Br.	U.S. $	1.00
Virgin Is. U.S.	U.S. $	1.00
Yemen	Rial	4.5605
Yemen PDR	Dinar	0.3463
Yugoslavia	Dinar	46.2148
Zaire Rp.	Zaire	5.6392
Zambia	Kwacha	0.9097
Zimbabwe	Dollar	0.7407

n.a. Not available. (m) Market rate. * U.S.-dollars per National Currency unit. (o) Official rate. (c) Commercial rate. (f) Financial rate. (1) Egypt—Floating rate fixed daily by Central Bank of Egypt for Importers, Exporters, Tourists. (2) Argentina—Commercial and Financial rate combined 30/12/81. (3) Somali: Parallel exchange rates introduced July 1—for essential imports. (4) Somali: Exports and Non-Essential Imports and Transfers.

NEW HIGHS AND LOWS FOR 1982

The following quotations in the Share Information Service yesterday attained new Highs and Lows for 1982.

NEW HIGHS (91)

BRITISH FUNDS (3)
Exch 8¼pc 1985; Treas 8¼pc '87-90; Funding 5½pc '82-84

AMERICANS (4)
Dana Crpn; Tesoro Pt; TRW Inc; Woolworths

BUILDINGS (11)
Bellway; Mowlem (J.); Blockleys; Tarmac; Higgs and Hill; Tilbury Group; Lovell (Y. J.); Travis and Arnold; Marshalls Halifax; Wimpey (George); Mixconcrete

CHEMICALS (4)
Coates Bros; Fisons; Do A NV; Laporte Inds

STORES (6)
British Home Stores; Marks and Spencer; Brown (N.); Reed (Austin) A; MFI Furniture; Smith (W. H.) A

ELECTRICALS (12)
AB Electronic; GEC; Automated Sec; Plessey; Bowthorpe; Scan Data; Cray Electronics; Standard Tiphones; Electrocomponents; Unitech; Farnell Elec; Webber

ENGINEERING (8)
Anderson Strathclyde; Staveley Inds; Evered; Tube Invs; Hopkinsons; Utd Wire; Spirax-Sarco; VW

FOODS (3)
Avana Group; Sainsbury (J.); England (J. E.)

HOTELS (1)
Savoy "A"

INDUSTRIALS (14)
Bardsey; Hoover A; Beecham; Macfarlane; China Light; MacLellan; Consultants; New Equipment; Diploma; Office an dElect; Hawley; Sheldon Jones; Hepworth Ceramic; Whatman Reeve Ang

INSURANCE (1)
Sun Life

LEISURE (4)
Anglia TV A; Horizon; Grampian TV A; TVS NV

NEWSPAPERS (4)
Black (A. and C.); Routledge K Paul; Daily Mail A; Websters

PAPER (1)
Cradley

PROPERTY (2)
Beazer (C. H.); Cussins Prop

SHOES (1)
Pittard

TEXTILES (5)
Munton Bros; Stirling Group; Nottingham Mnfg; Tootal; Sirdar

TRUSTS (5)
Leda Inv Cap; Throgmorton Growth; 1928 Inv; Welbeck; TR North America

OIL AND GAS (2)
Carless Capel; Eglinton Oil Gas

NEW LOWS (33)

AMERICANS (1)
Kaiser Al

CANADIANS (4)
Bank of Montreal; Can Pacific Ent; Brascan; Hawker Siddeley Can

BANKS (1)
Kleinwort Benson

BUILDINGS (1)
Modern Engineers

ELECTRICALS (2)
Chloride; Petbow

FOODS (1)
Needlers

HOTELS (1)
Queen's Moat 10½pcCnv

INDUSTRIALS (5)
De La Rue; Rank Org; Lilleshall; Swedish Match; Low and Bonar

INSURANCE (2)
Britannic; London United

MOTORS (1)
Appleyard

NEWSPAPERS (1)
Link House

PROPERTY (4)
Centrovincial; Do 12pcCnv; Thames Inv Secs; Wereldhave

SHIPPING (1)
London and Overseas Freighters

TRUSTS (5)
Britannia Arrow; Mexico Fund Inc; Kellock; Westpool Inv; Mercantile House

OVERSEAS TRADERS (1)
Lonrho

TEAS (1)
McLeod Russel 8.4pcPf

MINES (1)
Rand London

FT-ACTUARIES SHARE INDICES

These Indices are the joint compilation of the Financial Times, the Institute of Actuaries and the Faculty of Actuaries

	EQUITY GROUPS & SUB-SECTIONS — Figures in parentheses show number of stocks per section	Thurs April 29 1982 Index No.	Day's Change %	Est. Earnings Yield % (Max.)	Gross Div. Yield % (ACT at 30%)	Est. P/E Ratio (Net)	Wed April 28 Index No.	Tues April 27 Index No.	Mon April 26 Index No.	Fri April 23 Index No.	Year ago (approx.) Index No.
1	CAPITAL GOODS (208)	379.34	+0.9	9.65	4.25	12.89	375.83	374.71	371.48	371.49	354.57
2	Building Materials (23)	336.82	+1.4	13.88	5.24	8.70	332.23	332.02	324.25	325.25	322.11
3	Contracting, Construction (28)	615.44	+2.2	14.22	4.80	8.30	601.92	604.25	593.21	595.55	612.27
4	Electricals (31)	1337.44	+1.1	6.98	2.21	18.30	1322.30	1311.06	1304.34	1329.07	1261.59
5	Engineering Contractors (9)	499.54	+0.4	13.43	6.13	8.77	497.50	499.05	495.70	495.74	512.20
6	Mechanical Engineering (67)	197.00	+0.3	11.39	5.89	10.65	196.37	196.02	194.66	193.70	229.05
8	Metals and Metal Forming (11)	168.38	−0.2	9.95	7.05	12.76	168.68	168.87	166.15	164.29	181.34
9	Motors (21)	94.28	+0.3	2.50	7.12	—	94.02	93.77	94.01	93.57	111.21
10	Other Industrial Materials (18)	379.17	+0.4	9.53	5.58	12.77	377.78	379.79	376.10	376.62	327.79
21	CONSUMER GROUP (201)	307.88	+0.8	12.44	5.48	9.81	305.54	303.90	301.39	301.46	294.75
22	Brewers and Distillers (21)	302.74	+1.2	15.57	6.44	7.75	299.19	296.61	295.63	297.38	320.85
25	Food Manufacturing (22)	275.33	+0.8	15.52	6.58	7.78	273.14	274.69	273.95	273.67	258.23
26	Food Retailing (14)	617.45	+1.0	8.69	3.26	14.09	611.60	616.25	609.38	611.39	543.55
27	Health and Household Products (8)	436.07	+0.5	7.94	3.71	14.64	434.02	429.95	425.83	427.48	315.47
29	Leisure (24)	447.62	+0.5	10.16	5.07	12.30	445.59	447.59	446.85	440.75	444.43
32	Newspapers, Publishing (12)	527.53	+0.3	10.47	5.93	13.00	525.77	525.96	525.96	526.30	512.75
33	Packaging and Paper (14)	145.62	+0.4	15.49	7.29	7.53	145.04	144.53	145.03	144.18	151.25
34	Stores (45)	282.73	+0.8	10.12	4.77	13.21	280.43	277.69	275.81	274.71	294.55
35	Textiles (23)	176.62	+1.5	9.27	5.68	14.06	173.95	172.69	171.07	172.78	172.64
36	Tobaccos (3)	342.80	+0.3	21.70	8.02	5.19	341.80	321.28	318.79	316.51	255.71
39	Other Consumer (15)	294.28	+0.4	1.69	5.31	—	293.17	293.90	293.89	294.55	306.10
41	OTHER GROUPS (78)●	252.41	−0.4	13.49	6.19	8.92	252.80	252.70	252.55	252.55	259.19
42	Chemicals (16)	332.62	−1.0	13.56	6.95	8.81	335.90	334.06	334.35	332.54	353.84
44	Office Equipment (4)	114.65	−1.5	14.04	7.61	8.67	116.39	119.33	120.21	120.21	134.11
45	Shipping and Transport (13)	565.03	+1.1	19.11	6.59	6.22	558.83	556.61	555.22	557.93	642.65
46	Miscellaneous (45)●	323.07	—	11.75	5.12	10.34	321.36	321.54	321.01	322.55	335.91
49	INDUSTRIAL GROUP (487)●	324.75	+0.7	11.55	5.12	10.61	322.47	320.77	318.87	318.91	320.55
51	Oils (13)	755.78	+0.2	20.95	7.70	5.41	753.97	749.72	756.22	751.77	796.06
59	500 SHARE INDEX●	359.78	+0.6	13.12	5.55	9.14	357.54	355.63	354.40	354.03	357.81
61	FINANCIAL GROUP (117)	248.51	+0.1	—	6.63	—	248.19	247.51	246.94	247.59	251.02
62	Banks (6)	265.38	−0.8	39.47	8.07	2.77	267.57	264.85	265.53	257.33	253.02
63	Discount Houses (9)	225.46	+0.1	—	9.74	—	225.13	227.57	225.90	223.73	330.79
65	Insurance (Life) (9)	267.65	+0.3	—	6.83	—	266.85	267.01	265.40	265.80	257.91
66	Insurance (Composite) (10)	153.32	−0.5	—	9.23	—	154.08	153.93	153.25	152.10	171.53
67	Insurance Brokers (7)	491.32	+0.6	10.91	5.18	12.50	488.32	485.74	481.67	474.09	385.23
68	Merchant Banks (12)	144.96	−0.8	—	5.76	—	146.20	146.00	146.28	145.60	159.58
69	Property (49)	432.49	+1.4	5.05	3.53	26.46	426.64	426.27	425.55	438.97	502.09
70	Other Financial (15)	168.87	+0.7	18.65	6.75	6.20	167.68	168.24	167.43	169.40	166.66
71	Investment Trusts (112)	299.40	+0.9	—	5.39	—	296.78	296.90	295.63	295.17	304.93
81	Mining Finance (4)	214.73	−0.1	14.63	6.56	8.36	214.99	214.58	217.29	217.67	261.78
91	Overseas Traders (17)	373.71	−0.3	13.96	8.51	8.74	374.77	375.29	374.26	374.72	420.29
99	ALL-SHARE INDEX (750)●	331.07	+0.5	—	5.78	—	329.33	327.88	326.71	325.70	332.18

FIXED INTEREST

	PRICE INDICES	Thurs April 29	Day's change %	Wed April 28	xd adj. today	xd adj. 1982 to date
	British Government					
1	5 years	110.64	+0.22	110.40	—	3.99
2	5-15 years	109.72	+0.32	109.37	—	4.35
3	Over 15 years	112.80	+0.37	112.39	—	4.93
4	Irredeemables	115.74	+0.36	115.33	—	6.07
5	All Stocks	110.71	+0.30	110.38	—	4.40
6	Debentures & Loans	86.64	+0.08	86.57	—	3.84
7	Preference	63.84	—	63.84	—	2.68

	AVERAGE GROSS REDEMPTION YIELDS		Thurs April 29	Wed April 28	Year ago (approx.)
	British Government				
1	Low	5 years	12.99	12.85	11.78
2	Coupons	15 years	12.91	12.98	12.23
3		25 years	12.87	12.91	12.25
4	Medium	5 years	14.15	14.23	13.51
5	Coupons	15 years	13.98	14.03	13.51
6		25 years	13.48	13.55	13.51
7	High	5 years	14.07	14.14	13.26
8	Coupons	15 years	14.16	14.21	14.00
9		25 years	13.70	13.76	13.59
10	Irredeemables †		12.56	12.62	11.77
11	Debs & Loans	5 years	15.85	15.84	14.49
12		15 years	14.92	14.95	14.44
13		25 years	14.56	14.63	14.54
14	Preference †		15.44	15.44	14.52

† Flat yield. Highs and lows record, base dates, values and constituent changes are published in Saturday issues. A new list of constituents is available from the Publishers, The Financial Times, Bracken House, Cannon Street, London, EC4P 4BY, price 15p, by post 28p.

● Corrected indices for April 28.

INDUSTRY AND THE NORTH SEA

Where Britain has lost out to foreign contractors

By Hazel Duffy

THE NORTH Sea might have been the showplace for British industry as well as the salvation, at least temporarily, of the British economy. In investment terms, the petroleum and natural gas sectors have averaged between a third and a half of total UK investment in manufacturing industry over the past few years. While other areas of industry have declined with depressing certainty over the last decade, the North Sea has presented a huge market opportunity.

But the discovery of oil and gas in Britain's backyard has not been the technology spur for British industry that it might have been. That, at least, is the theme of an interim report* from a study of the North Sea and British industry being carried out by Mr John Surrey, head of the energy group at the Science Policy Research Unit at Sussex University.

On the basis of the work done by the team so far, the study concludes that with the partial exception of underwater work, "the key offshore activities and architect-engineering remain dominated by foreign contractors." Furthermore, these contractors are not all U.S.-based, as might be expected given the preponderance of U.S. oil companies in the North Sea, but "a number of Continental companies have also established competitive capabilities in various offshore activities."

Mr John d'Ancona, director general of the Offshore Supplies Office (OSO), the government body directed to ensure that British industry gets a reasonable share of North Sea work, does not disagree with this conclusion. But he thinks that time is still on the side of British industry. "Given the short time that the North Sea has been operating, it would be very surprising if the picture would have been different." But he agrees that unless this capability has emerged by the end of the 1980s, with at least one major British-based contractor joining the U.S.-dominated league of international offshore contractors, it will almost certainly be too late.

Government policy towards the North Sea shows that rapid exploitation of North Sea oil and gas has been the prime consideration. Dr Michael Jenkin, in his book on government intervention in the North Sea industry†, says that by late 1973, following the Opec price rises, the acceleration in North Sea development timetables took on a new urgency, "with the result that offshore supplies policy began to favour rapid oil field exploitation over the ordered development of a domestic offshore industrial capability."

Radical recommendations on the course of action that would be necessary to foster specialist offshore capabilities were contained in a consultants' report (the IMEG report) commissioned by the Heath Government. Instead, a much less powerful body in the form of the OSO was set up in 1973, charged with administering the "full and fair opportunity" policy which required that the oil companies give British industry the chance to compete.

The policy was essentially a short-term, individual contract approach, which avoided the issues of intervention and infant industry support that would have been necessary if government had set out to establish an internationally competitive industry in the longer term.

In the context of the proportion of work-load secured by British industry, the OSO's brief is being fulfilled. The UK share of offshore contracts rose from 40 per cent in value terms in 1974 to 71 per cent in 1980, and was as high as 79 per cent in 1979. But this growing share has been due to the big increase in British industry's share of development contracts, and the growth of development within the total value of orders placed. Quite a large part of this work consists of fabrication, which has provided a valuable work-load for the process plant industry. But it is unlikely to be competitive in waters other than the North Sea.

The UK share of exploration, however, has shown no sustained increase of the 35 per cent obtained in 1974, while the share of support services, although considerably higher, has shown no significant increase since 1975. On the basis of the limited data available, Sussex University's John Surrey says he comes to the "inescapable" conclusion that the UK share is "heavily concentrated on fabrication, manufactured equipment, and less-specialised support services, i.e. activities which were within the pre-existing capabilities of British industry."

An example of an equipment company which was making a product highly suited to offshore installations is Ruston Gas Turbines. Although Britain had no prior experience of offshore development before the North Sea, Ruston had already established a worldwide reputation with its gas turbines which are used for a range of tasks including gas compression and injection, pumping, and the generation of power on platforms.

"The North Sea has not been a colossal market for us," says Ruston's managing director, Mr Kelvin Bray. "Nevertheless, it has been useful insofar as the physically demanding conditions necessitated adaptation of the product which has been valuable elsewhere and also because the existence of a home market is obviously a help to sales. But we still rely for the bulk of our business on exports."

Given that the equipment was frequently available in the UK, the Sussex report says it would have been odd if some at least of the orders had not been placed in this country. But what of the new technology in specialist activities such as exploration drilling, rig construction, platform installation and pipelaying, and support vessels? The report finds that this has largely become the province of certain European yards such as Aker, Troswik and Framnaes in Norway, Gotaverken in Sweden, Rauma Repola in Finland, and CFEM in France, against strong competition from Japan and South Korea.

In platform installation, Heerema of Holland and Micoperi of Italy rank with the U.S. specialists, and in pipelaying, the French and Italians are high on the short specialist list. If it is surprising that some countries which do not have the advantage of the North Sea on their doorsteps have nevertheless developed these industries, in areas which are high-risk, the reasons seem to lie in a combination of a willingness to invest on the part of the companies and the close relationship — stimulated sometimes by government — between customer and supplier, in countries such as France and Italy.

The Norwegians formed Statoil, the State oil company which operates similar to the British National Oil Corporation, but additionally has specific responsibilities in connection with procurement policy. The outcome of this careful fostering by government, however, has been the creation of an industry which is internationally uncompetitive, according to some critics.

By contrast, British policy has been consigned largely to the limited powers of the OSO. John Surrey says that if government had meant the OSO to be an instrument of industrial policy, it would not have placed it under the Department of Energy. John d'Ancona admits it "works on a prayer." It has, however, proved effective in many areas. Vickers, for instance, describes the OSO as "very helpful" in guiding the company when it was tendering for the important part that it won on the tension leg platform being built for Conoco.

The tension leg platform is a highly innovative approach to recovering oil from the deep waters of the northern North Sea which the designers hope will be effective in deeper water in other parts of the world. There was disappointment, however, that the overall contract went to the Americans, Bechtel, and Brown and Root, and not John Brown Engineers and Constructors (previously CJB).

In spite of the strengths of the UK-based oil companies — BP, Shell UK, and BNOC — British governments have not sought to lean upon them to choose British. However, Mr John Raisman, chairman and chief executive Shell UK, told a forum last year that British industry in the North Sea is "generally doing well."

John d'Ancona believes that the solution to the problem of ensuring that British companies get a larger slice of the action in the North Sea is to make the oil companies agree to exploit on a commercial basis the research and development which is being conducted in British universities and companies, as a condition of their being awarded exploration licences in the next round.

Others, however, are less convinced that R and D, which tends to be fairly freely exchanged in the oil business unlike the tight licensing procedures that exist between chemical companies and contractors, for instance, is the key to British companies winning their way into the North Sea.

It is agreed, however, that British companies must gain the maximum experience in the North Sea over the next five years. Only in this way will they gain the international status that they will need to win orders for other offshore developments around the world.

*Offshore Supplies Contracting: British Industrial Achievements in the North Sea and the role of Government policy. Interim paper by John Surrey, University of Sussex.

†British Industry and the North Sea: Michael Jenkin, Macmillan Press, £20.

OSO's John d'Ancona (left): works on a prayer; Ruston's Kelvin Bray (right): not a colossal market

NOTICE OF REDEMPTION

To the Holders of

ENTE NAZIONALE IDROCARBURI

E.N.I.

(National Hydrocarbons Authority)

6½% Sinking Fund Debentures due June 1, 1987

NOTICE IS HEREBY GIVEN that, pursuant to the provisions of the Sinking Fund for the Debentures of the above-described issue, Morgan Guaranty Trust Company of New York, as Fiscal Agent, has selected by lot for redemption on June 1, 1982 at the principal amount thereof $550,000 principal amount of said Debentures, as follows:

Outstanding Debentures of U.S. $1,000 Each of Prefix "M" Bearing Serial Numbers Ending in the Following Two Digits:

58 63 66 69

Also Debentures of U.S. $1,000 Each of Prefix "M" Bearing the Following Serial Numbers:

[illegible]

On June 1, 1982, there will become and be due and payable upon each Debenture the principal amount thereof, in such coin or currency of the United States of America as on said date is legal tender for the payment therein of public and private debts, at the option of the holder, either (a) at the corporate trust office of Morgan Guaranty Trust Company of New York, 15th Floor, 30 West Broadway, New York, N.Y. 10015, or (b) subject to any laws and regulations applicable thereto with respect to the payment, currency of payment or otherwise in the country of any of the following offices, at the principal office of Banca Nazionale del Lavoro in Rome or the principal office of Banca Commerciale Italiana in Milan or the main offices of Morgan Guaranty Trust Company of New York in London, Brussels, Paris or Frankfurt or the main office of Algemene Bank Nederland N.V. in Amsterdam or the main office of Kredietbank S.A. Luxembourgeoise in Luxembourg-Ville.

Debentures surrendered for redemption should have attached all unmatured coupons appurtenant thereto. Coupons due June 1, 1982, should be detached and collected in the usual manner.

From and after June 1, 1982, interest shall cease to accrue on the Debentures herein designated for redemption.

ENTE NAZIONALE IDROCARBURI
By: MORGAN GUARANTY TRUST COMPANY
OF NEW YORK, Fiscal Agent

April 30, 1982

NOTICE

The following Debentures previously called for redemption have not as yet been presented for payment:

DEBENTURES OF U.S. $1,000 EACH

[illegible]

NOTICE OF REDEMPTION

To the Holders of

ENTE NAZIONALE IDROCARBURI

E.N.I.

(National Hydrocarbons Authority)

6¾% Sinking Fund Debentures due June 1, 1988

NOTICE IS HEREBY GIVEN that, pursuant to the provisions of the Sinking Fund for the Debentures of the above-described issue, Morgan Guaranty Trust Company of New York, as Fiscal Agent, has selected by lot for redemption on June 1, 1982 at the principal amount thereof $715,000 principal amount of said Debentures, as follows:

Outstanding Debentures of U.S. $1,000 Each of Prefix "M" Bearing Serial Numbers Ending in the Following Two Digits:

19 46 66 69

On June 1, 1982, there will become and be due and payable upon each Debenture the principal amount thereof, in such coin or currency of the United States of America as on said date is legal tender for the payment therein of public and private debts, at the option of the holder, either (a) at the corporate trust office of Morgan Guaranty Trust Company of New York, 15th Floor, 30 West Broadway, New York, N.Y. 10015, or (b) subject to any laws and regulations applicable thereto with respect to the payment, currency of payment or otherwise in the country of any of the following offices, at the principal office of Banca Nazionale del Lavoro in Rome or the principal office of Banca Commerciale Italiana in Milan or the main offices of Morgan Guaranty Trust Company of New York in London, Brussels, Paris or Frankfurt or the main office of Algemene Bank Nederland N.V. in Amsterdam or the main office of Kredietbank S.A. Luxembourgeoise in Luxembourg-Ville.

Debentures surrendered for redemption should have attached all unmatured coupons appurtenant thereto. Coupons due June 1, 1982 should be detached and collected in the usual manner.

From and after June 1, 1982, interest shall cease to accrue on the Debentures herein designated for redemption.

ENTE NAZIONALE IDROCARBURI
By: MORGAN GUARANTY TRUST COMPANY
OF NEW YORK, Fiscal Agent

April 29, 1982

NOTICE

The following Debentures previously called for redemption has not yet been presented for payment:

DEBENTURES OF U.S. $1,000

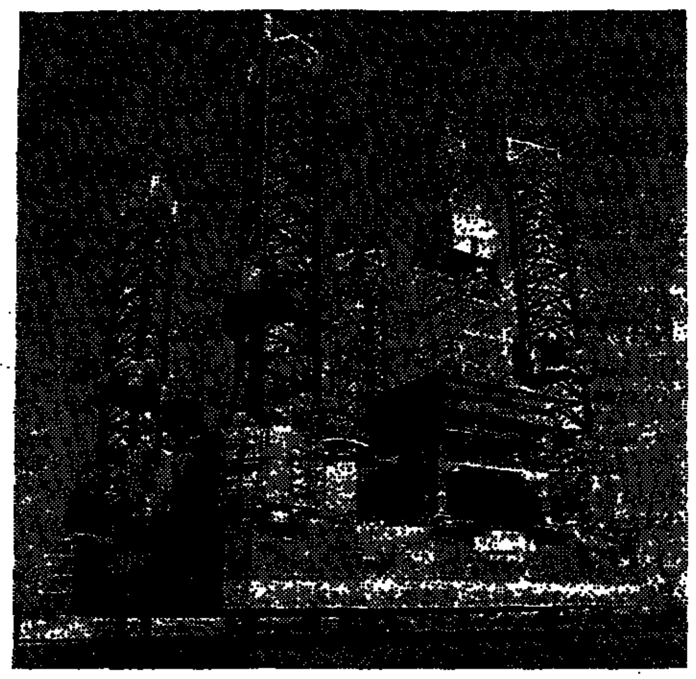
[illegible]

FINANCIAL TIMES SURVEY

Friday April 30 1982

INTERNATIONAL OFFSHORE TECHNOLOGY

Economic and political uncertainties are troubling the international offshore oil industry which, in turn, is faced with an over-riding challenge to exploit its discoveries more efficiently than in the past



Neddrill 4, the new large four-legged cantilevered jack-up rig, in Rotterdam after an 11,000-mile dry tow from Osaka. Neddrill 4 is being fitted out prior to operating in the North Sea.

CONTENTS

Operators face a daunting task

OFFSHORE OIL operators and their suppliers around the world are finding themselves caught in the backwash of their own success.

Their rapid increase in production in recent years has coincided with an overall drop in energy demand which, in turn, has led to depressed prices. Yet, to justify new offshore projects high prices are needed by the operators. As a result, they are faced with even greater technological challenges than in the past.

By RAY DAFTER

Energy Editor

Oil companies will have to devise more efficient ways of *exploiting smaller, harder-to-*find fields in deeper, more hostile waters at a time of stable or even falling oil prices.

It is a daunting prospect and one which will almost certainly dominate the conversation of oilmen as they pack the Offshore Technology Conference and Exhibition in Houston, Texas, next week.

"We *are back to where we* were in 1972, when money really mattered," commented a senior executive of a leading offshore oil company. "We have gone through the cycle of the past eight years or so when it appeared that money was no object."

And as if to reinforce the point, two other leading producers of offshore oil — Shell and Exxon — announced last week that they were shelving their £800m Tern Field development project in the North Sea. The reasons given were the costly and technically difficult *production methods needed to* exploit the complex reservoir, an "onerous" offshore oil tax structure, and an uncertain world *oil price outlook.*

Gone are the days of the late-1970s when the oil industry was forecasting prices would continue to rise by around 2 to 3 per cent annually, in real terms. With so much production capacity now shut in—around 15m barrels a day within the 13 *members of the Organisation of* Petroleum Exporting Countries alone—few are predicting any real price growth at all over the *next few* years.

Most probably there will be a decline—a view taken by Dr Herman Franssen, head of the energy economics division within the International Energy Agency, the oil-consuming West's mirror organisation to Opec.

By the mid-1980s, he argues, oil demand within the *developed nations would still* be a long way short of consumption levels in 1979 and Opec would still have to curtail some of its production.

But Dr Franssen sounded a note of caution, one conditioned *by the experience of two* energy crises in the 1979s: "The time when prices could rise again in real terms is towards the end of the *1980s*, when there *will* have been a number of years of low prices. The oil market could become tight enough so that even a minor interruption in oil supplies could play havoc with the market."

The new, *uncertain climate in* the international oil market arises from radical changes in supply and demand balances. The big price increases of the 1970s at least aggravated, and may have caused, worldwide economic recession which has lowered oil demand.

High energy prices have also prompted a concerted drive towards conservation and fuel-use efficiency. At the same time, *new suppliers of oil, many of* them operating offshore, have competed for sales.

In 1971, the top ten list of oil producers comprised countries in Opec, North America and the Soviet Union. Last year, the list had a different complexion. The new names were Mexico, China, the UK and Indonesia—all countries either heavily involved in offshore oil production or, as in the case of China, with considerable offshore producing potential.

Estimates

Latest industry estimates indicate that offshore oil fields account for about a quarter of the world's proven and probable oil reserves (around 670bn barrels) and almost one-fifth of total production. On the basis that the most obvious, easiest-to-exploit landward fields were found and exploited first, the relative importance of the offshore industry seems bound to increase.

Offshore production has required the development of an almost entirely new, high technology industry. Precise data is hard to come by, but it seems that investment in offshore exploration and development in non-Communist countries is now running at a level of £15bn to £20bn a year — equivalent to one-third of the West's oil and gas industry's annual investment on exploration and production.

A report published six months ago by the energy economics division of the Chase Manhattan Bank concluded that these figures could rise dramatically. This showed that non-communist investment on petroleum exploration and development could rise to about $360bn (£203bn) in 1990.

This would indicate a cumulative investment, between 1980 *and 1990 of some $2,000bn and* an annual growth rate of 18.4 per cent.

Yet whether this growth will be achieved, particularly in high cost offshore fields, must be doubtful.

In the UK sector of the North Sea, Tern could become the first of a series of fields to be shelved for the time being.

During the past year the contract prices of North Sea crude oil have fallen from $39.25 to $31 a barrel. The estimated de*velopment and producing costs* of some of the deep-water, more challenging discoveries have risen to over $20 a barrel.

Mr Bill Thomson, group managing director of the Royal Dutch/Shell Group, pointed out in West Germany a month ago that the expenditure behind some of the early North Sea oil fields worked out at around $5,000-$7,000 (in 1981 money) for every barrel a day produced at peak levels. (For instance, a 100,000 barrel-a-day field might cost $500-$700m to develop).

Comparable figures for fields now being looked at could be $15,000-$20,000 per daily barrel.

As a case in point, British Petroleum's important Magnus Field — the most northerly commercial discovery in the North Sea — is costing $19,000 per daily barrel to exploit, 137 per cent more than the development cost *of* the company's earlier Forties Field.

Shell believes there are sufficient oil reserves in the UK sector of the North Sea to support the development of some 70 fields over the next two decades. Such a programme could involve the expenditure of £50bn-£60bn at today's buying power by the end of the decade. Oil executives now doubt however whether financial conditions—oil prices and taxation—will be sufficiently attractive to support all *of this work.*

Apart from the UK—where platform builders and their suppliers and planning widespread redundancies in the light of fallig orders—warning signs have also appeared in other major offshore areas.

Stock brokers Merrill Lynch, Pierce, Fenner and Smith, have reported significant falls in the face of worldwide platform construction and pipeline operations in recent months. The number of spare drilling rigs, admittedly tiny compared with units in operation, were the highest since April 1980.

Rig operators are now becoming extremely nervous given the slow-down in the growth of drilling activity and the arrival, during 1982 of scores of new units. It is expected that as a result of orders placed with ship builders, there could be a 40 per cent increase in the mobile rig fleet by the end of next year.

The uncertainties plaguing the offshore supplies industry stem not only from strict economic factors. Politics have also *come to the fore.*

Taxation

In the UK, oil operators who had expected a Conservative Government to be more sympathetic to their cause, are grumbling about the toughened tax regime introduced by a Tory Chancellor.

And in Canada, another of the world's most promising offshore oil areas—especially in the Atlantic—operators have become disillusioned by political squabbles between the provinces and the federal government and by Ottawa's national energy policies designed to bring all of the country's natural resources under Canadian control by the end of the decade. Industry estimates that the waters off Newfoundland and Nova Scotia could contain 10bn to 26bn *barrels of oil and gas remain* unchanged, but the prevailing mood of optimism and excitement has disappeared.

Significantly, the offshore industry's interest is now concentrated on prospective areas which, in previous years, would have been regarded as far more politically suspect, and potentially more unstable, than the UK or Canada; areas like West Africa, China, Indonesia, Malaysia and the Gulf of Suez. These are now rated among the hot spots for future exploration.

Wherever it ventures, the offshore oil industry will be faced with the over-riding challenge of exploiting their discoveries more efficiently than hitherto.

In this respect, the North Sea is acting as a test bed for *a whole armoury of new* producing equipment. Fields are being exploited with:

- The world's heaviest concrete platforms.
- Some of the largest, most complex steel platforms.
- The first tension-legged platform, a novel concept suitable for water too deep for conventional fixed production structures.
- The first major underwater production system; a large remote-controlled unit that could eventually be used in very deep water.

In the future, operators could well be using moveable *production-cum-storage* vessels, similar to tankers equipped with their own oil-seeking proboscis. Much more production equipment will be placed on the seabed, serviced by a fleet of robot vehicles. (Equipment manufacturers cannot wait for the day when small underwater power packs will do away with the need for inhibiting umbilical power cables).

Before many years have passed, pumps lowered to the bottom of production wells may *be assisting in the recovery of* vast quantities of difficult-to-produce oil west of the Shetland Islands.

It is little wonder that the oil industry describes the offshore sector as being as exciting and challenging as any space programme, even in the current uncertain operating and economic climate.

INTERNATIONAL OFFSHORE TECHNOLOGY II

Scientists are working on new ways to unlock the secrets beneath the sea bed. Seismic holography may soon help to build up a picture of geological structures, as ARTHUR CONWAY reports.

Remarkable progress in exploration techniques

EXPLORATION and prospecting on the sea bed poses many problems, and one expert recently described space travel as less difficult than placing a man on the ocean floor at depths of just a few hundred metres.

That observation, made by John Derrington, a director of Sir Robert McAlpine and Sons and vice-president of the Institution of Civil Engineers, at the Oceanology International Conference at Brighton, does not over-state the general problems.

However, there has been important advances in particular areas of exploration that are helping to overcome some of the difficulties.

As has been remarked by P. Kassler, Shell's Head of Economics and Sector Planning concerned with co-ordinating exploration and production, very few areas, even offshore, are totally unknown geologically.

So much scientific surveying and commercial prospecting has already been done that there is usually something in the data bank for an explorer to go on when a geological hunch, a politico-economic lurch, or some other stimulus sparks off his interest in a particular area.

If his meticulous desk studies justify field work there may follow an on-the-spot hunt for comprehensive information on the structure of the sedimentary layers that may be trapping oil or natural gas.

This is where seismography, earth-tremor measurement, the geologist's long-established and still main means to knowledge of our planet's interior, can be used.

Seismographic techniques originated in the scientific investigation of earthquakes. The principles were first applied to oil prospecting on land in the U.S. in 1921. Undersea application came later. In 1946 seismic surveys were essayed off the shores of Louisiana.

Computer systems

The seismic surveyor of sea-bottoms does not wait for earthquakes, but creates his own earth tremors. He may do this by setting off controlled explosions, of compressed air or other gas, to send waves from a ship through the earth.

These waves are reflected and refracted at the interfaces between different types of sedimentary rock. Thus modified waves find their way to detectors, "geophones," possibly towed by the surveying ship. Data transmitted to the ship is recorded for subsequent processing.

Seismic data processing is the vital follow-on, and information theory and the ubiquitous computer have a growing share in the important business of tracking down hydrocarbon deposits.

Dr Jack Birks who, at the end of last March retired as managing director of BP Petroleum, has praised the geophysical industry for its data gathering and computing advances.

In his keynote speech at the Oceanology International Conference, Dr Birks said that worthwhile reserves would be found offshore only by intensive search for the remaining geological traps, and the successful exploitation of those traps demanded more precise and detailed geophysical analysis and subsurface mapping. "The geophysical industry continues to respond to this challenge," he added.

He had some remarkable progress to report. He said that the response to each detonation of a surveying ship's air-gun was nowadays recorded on 96 or more data channels, which was four times the number of only five years ago. There was also a corresponding expansion in the quantity of data acquired from each "shot."

The geological structures whose secrets the seismologist tries to shake out can be very complicated. Until recently, getting a three-dimensional rather than a plane-sectional image of the structure involved not merely the shooting of complex and carefully controlled "grid" surveys but also the exercise of the human interpreter's imagination.

The only three-dimensional image of the geological structure that existed was the one in that interpreter's mind. However, in the past few years the necessary data processing and display techniques have been developed for presenting seismic survey data in three dimensions.

Such three-dimensional surveys were being used more every year, said Dr Birks, and they covered substantial areas. He added: "By this means we can study the detailed geology of increasingly smaller segments of undersea area."

However, explosions of data can confuse rather than illuminate—and to say "explosions" is not to indulge in hyperbole. As Dr Birks pointed out, one of today's small offshore three-dimensional surveys may produce a set of data comprising more than 2bn numbers. To benefit fully from what could otherwise become an embarrassment of riches the geophysicists need new techniques of data reduction.

There is little doubt that they will emerge. In Dr Birks' own words: "Intensive r and d resources are now being devoted to the development of interpretative packages which can extract useful information from these data volumes."

The ultimate instrument for displaying and interpreting seismic data would be a holographic one. That is the view of, among other experts, Daniel H. Sullivan, who runs a geophysical data processing firm in Houston, Texas.

As recently as last February, reviewing the state of the art in the journal *Sea Technology*, he reported that efforts at seismic holography had failed—so far. "But the potential is so great that it is only a matter of time before the necessary technology is developed."

Dozens of foreign companies are involved in bidding for exploration rights in China's offshore waters

China's offshore developments could cost $20bn

ROMANTICALLY associated in the nineteenth century with graceful tea-clipper ships and cut-throat pirates, China's offshore waters today are the last great frontier—and the biggest continental shelf anywhere—on the brink of an oil-rush. Dozens of foreign oil companies, about half of them American, have so far participated in bidding for blocks for exploration in the coming years.

Peking is exploring independently in one of the most promising areas, the East China Sea, but the rest will be developed through joint ventures with foreign operators. The nuts and bolts of bids and contracts will be hammered out over the next few months.

Conditions in China may be quirky compared to elsewhere (strange rumours have reached the west of live pigs aboard the oil rigs destined for the cooking pot), but the same commercial considerations motivate the Western businessmen involved.

A dangerous corner in the growth of business confidence was turned safely in mid-April when the Chinese did not, as they had seemed to threaten, withdraw their ambassador from Washington.

If diplomatic relations had "retrogressed," as the Chinese phrase it, when the resolution on the supply of arms spare parts for Taiwan was presented to Congress, American oil companies would have been reluctant to go ahead with 30-year agreements involving huge investment. The threat remains, but the possibility of a significant rupture has dwindled.

China badly needs the oil that offshore development could bring. Onshore production, down from a peak of 106m tonnes in 1979 is at a plateau of about 100m tonnes annually (rather more than Britain's). This may sink further as older fields run out and scrappy investment onshore delays the startup of new fields.

Reserves

As China soldiers on towards modernisation, energy consumption is bound to take off. Oil shortages, the World Bank report on China predicted last year, could lead Peking to becoming a net oil importer by the 1990s, with the crippling foreign exchange outlay that implies.

A Chase Manhattan expert, John Emerson, recently put Chinese reserves at about 39bn barrels onshore and the same offshore (Chinese figures are much higher but may include less definitive categories of reserves). Companies who operated the 1979-81 seismic surveys in the South Yellow Sea, the Pearl River Mouth basin and in waters off Hainan Island are cautiously optimistic on the prospects, although they are closely guarding their data. But all agree that no one knows until the oil starts flowing.

Total investment to develop offshore fields is likely to be $20bn, Mr William Lear, vice-president of First National Bank of Chicago, said recently—a figure supported by experience in the North Sea. China's foreign partners will be shelling out most of this.

Oil is already on stream offshore from wells sunk in the Beihai Gulf off North China, where the Japan-China Oil Development Co. and the French Elf-Aquitaine began drilling several years ago. Total-Chine, drilling since 1980, has struck oil in the Beibu (Tonkin) Gulf. Atlantic Richfield (Arco) hopes to open drilling in a nearby block in the autumn, though details of the contract agreed in the main last summer remain to be settled.

Arco shot ahead of many other western majors when a company team visited China in the early Seventies. The rest have waited in the wings for the formation of a whole new Chinese mechanism to handle joint ventures and the offshore industry, which in turn awaited the results of the western-operated seismic surveys completed last year.

This new mechanism took off at the end of last year with the promulgation of China's new tax law for foreign companies. It followed through swiftly in February with new regulations for foreign participation in the offshore industry on the 10th, the formation of the China National Offshore Oil Corporation (CNOOC) to control the new industry on the 14th, and the first call for bids on the 16th.

CNOOC is handling the bidding process in two stages, first with a call for registration of interest, then a call for bids proper. Bidders are being asked to send representatives to Peking to obtain sample contracts and other documents.

CNOOC is taking the areas up for bids in two stages. In the first round it offered the northern part of the south Yellow Sea plus a third of the surveyed areas in the Pearl River Mouth basin, in the second the southern South Yellow Sea, the southern part of the Boha Gulf and waters off Hainan. In all, 43 bidding blocks over 150,000 square kilometres have been put up for bids.

The Sino-British Trade Council expects the future timetable to look something like this:

End June 82 submission of bids.
End Sept/Oct 82 concession awards.
End March 83 completion of additional seismic work (for drilling programmes etc).
August 83 drilling begins.

Pitfalls

This presupposes that negotiations on the contracts go smoothly, but there are pitfalls ahead. China's approach to the offshore industry is more tight-fisted than that of other governments. The earlier contracts with the Japanese and the French stipulated development costs to be shared (51 per cent China and 49 per cent to the foreign partner) but the Chinese claimed they had already put in their share as they had done the seismic work and were supplying rigs and equipment.

The regulations announced in February maintain the same principle, chiefly allotting the expense and risk to the foreigner and the control of exploration, development, production and marketing to the CNOOC. They also offer other unwelcome food for thought, requiring foreign operators to give preference to Chinese personnel, design work, equipment, materials and services.

While this is subject to competitiveness, U.S. companies fear that it may land them in a minefield of bureaucratic hassle and delay. They are sceptical, the Washington-based China Business Review said in its March-April issue, that the Chinese can meet delivery commitments.

Furthermore, "the prospect of leasing a (Chinese) rig, even a modern imported rig, is less than enticing to exploration companies." Chinese crews are inexperienced and Chinese shore services, though now burgeoning, are still minimal.

The February regulations do not mention the carve-up of oil. This will presumably appear in the sample contracts. For the record, in the three earlier agreements, the first 15 per cent went to costs, the next 42.5 per cent to China, and the last 42.5 per cent was split between the foreign partner and sale on the world market.

As Mr Emmett Humble, president of Esso Exploration, told the Financial Times last month, there are still many uncertainties and much depends on the terms of the final contract.

Colin MacDougall

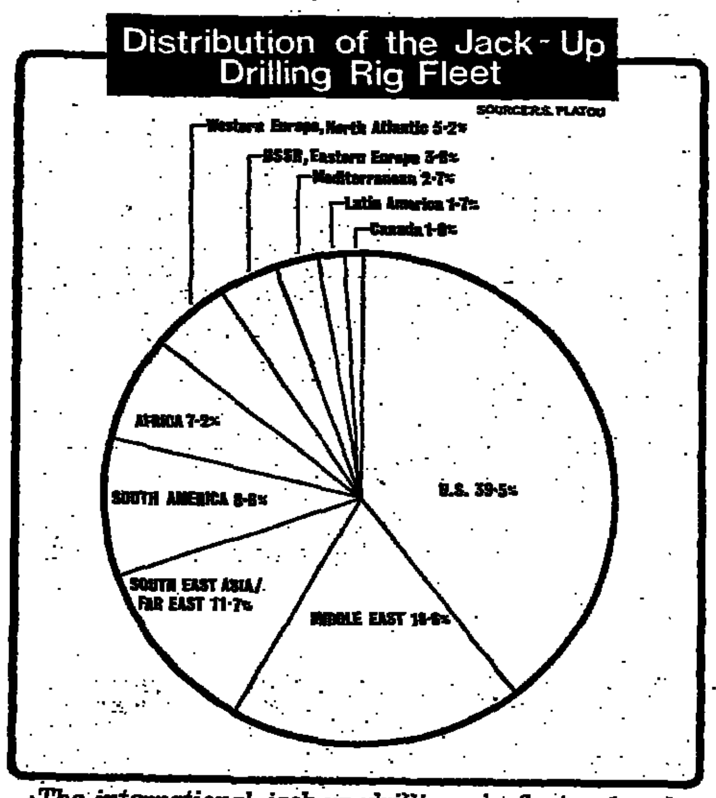
China badly needs the oil that offshore development could bring. Production onshore is down from a peak of 106m tonnes in 1979 to a plateau of around 100m tonnes a year. This output may sink further as onshore fields are exhausted

Key: JCODC, Japan and China Oil Development Co; SNEA, Societe Nationale Elf-Aquitaine; CPF, Compagnie des Petroles Francais.

INTERNATIONAL OFFSHORE TECHNOLOGY III

Subsea production systems have played a key role in the development of marginal oil fields

Distribution of the Jack-Up Drilling Rig Fleet



The international jack-up drilling rig fleet enjoyed 100 per cent employment last year, apart from March and December when percentages were 99.6 and 99.7 respectively

The rig building sector

Business is booming

THE OFFSHORE rig building business has broken out of its late 1970s lull and is now booming. However, some experts feel that the market could be too successful for its own good. The question is whether there will be enough work for all the rigs now under construction.

Since the present orders were placed, oil prices have begun to come down sharply. Where they will go over the next few years is anyone's guess — although they are not widely expected to notch up the steady increases that consumers have become used to since the 1973 oil crisis.

To build a fully equipped semi-submersible rig able to work in the harsh conditions of the North Sea costs more than $100m, compared with $40m or so in 1974. The price has shot up sharply since the late 1970s, as it has for jack-up rigs, now costing somewhere near $50m against less than $30m up to 1979.

At the start of this year, there were 52 semi-submersibles on order around the world. As the total fleet at the end of last year was 120, the expansion over the next two years will be startling. The same will be true of jack-ups, where the order book totalled 146 and the actual fleet was 305.

The figures were compiled by R. S. Platou, a leading firm of Norwegian shipbrokers, in its weighty annual review of the world's shipping and offshore scene. It asked poignantly "whether offshore exploratory activity will increase sufficiently to absorb this growth in the rig fleet."

If the present semi-submersible fleet and the extra rigs due to enter the market this and next are to be fully employed, demand for them will have to rise by more than 19 per cent a year, Platou said.

Because of the increase in rig supply, however, oil companies appear to be expecting pressure on the market to ease and rig owners are now finding it harder to obtain long-term contracts, even at unchanged rates.

Rates easing

Daily chartering rates for semis exceeded $80,000 throughout 1981 after coming up sharply during 1980. At the start of 1980 they were below $40,000. According to Platou, rates for new 300-ft cantilever jack-ups of the conventional type, were between $45,000 and $50,000 a day; those built to withstand tough North Sea conditions fetched up to $65,000.

Demand was high enough last year to keep all rigs in use and maintain rates at a high level. Oil companies had to accept contracts lasting for up to five years in order to obtain rigs for their short-term needs. But near the end of the year, the market was beginning to wear thin. Contractual terms had fallen back to two years and rates were easing. For a large number of the rigs on order, no contracts have been signed.

For the expensive semis, by far the most important market is Western Europe and the North Atlantic, which provides employment for more than 35 per cent of the fleet.

Second comes the U.S., accounting for 15 per cent, followed by South America, Asia, the Mediterranean and Africa. Canada, China and Australia are all thought to have large offshore oil and gas reserves and could prove to be major markets in future.

On the jack-up side, the U.S. ranks first in importance, employing nearly 40 per cent of the fleet. Almost 19 per cent is in use in the Middle East, other significant areas again being Asia, South America and Africa. While daily rates were at top levels last year, some orders were already cancelled in the final quarter as the market felt the new order book looked too indigestible.

Platou reckoned that demand for jack-ups would have to go up at an annual rate of nearly 35 per cent over the next 18 months to use up all the capacity.

"If the oil companies fail to step up their exploration activity to ensure that the demand for jack-ups would rise at the above rate, the result would be a surplus on the market in the course of 1982 with a corresponding drop in rates," according to the shipbrokers.

Weaker market

Not surprisingly, therefore, Platou concluded that the rig market would weaken slightly during the next few years.

For the expanding fleet to be fully used, exploration will need to be stepped up. But with oil prices likely to ease in real terms after taking account of inflation, such a boost in activity does not seem to be on the cards.

None of this will come as particularly welcome news to the world's rig builders, many of which have switched over to varying extents from the depressed shipbuilding business, itself a casualty of the oil crisis.

In line with their huge capacity in shipbuilding, Japanese and South Korean concerns have moved heavily into offshore work.

Some way behind Far Eastern builders of semi-submersibles come European yards, with British Shipbuilders now eager to win more orders after letting the market get away from it in previous years.

The U.S. leads in the construction of jack-up rigs, with most of the building carried out in the U.S. Gulf. Asian yards are also heavily engaged on the jack-up side, with Singapore a strong force. In Europe, France is the main jack-up builder.

For all rig constructors, the safety element has become of prime importance in the light of major disasters.

Earlier this year, British Shipbuilders announced a new £80m semi-submersible design with which it hopes to jump right into the advanced end of the market. The new BS 8000 DP design is said to meet all the latest safety regulations drawn up by various countries and can be used in such hazardous oceans as the Atlantic off Canada's eastern coast and the North Sea.

Along with other rig builders, BS has an eye on the demand which the expansion of drilling in the more northern latitudes of the sea off Norway should open up.

Andrew Fisher

TOTAL OIL RIG FLEET

	1978	1979	1980	1981	On order Dec 1981
Semi-submersible rigs	116	111	116	120	52
Jack-up rigs	168	196	223	305	146
Drillships/deepwater barges	60	56	52	53	4
Total	344	363	391	478	202

Source: R. S. Platou.

Shell-Esso leads the way with new system

IF SUBSEA completions have opened the door to the development of marginal oil fields in deep water, the Shell-Esso group's Underwater Manifold Centre may have wrenched it right out of its frame.

The UMC, to be installed next month on the UK North Sea Central Cormorant field, is the most advanced subsea production system yet built. It can perform production and water injection functions from nine wells on remote control commands sent from the Cormorant "A" platform. The subsea completions themselves are sophisticated units with through flowline (TFL) servicing, which enables tools to be pumped to the wells through pipelines, rather than lowered by wireline from a semi-submersible.

Maintenance and inspection will be performed by an unmanned manipulator, lowered from a support vessel to a rack railway on the UMC, avoiding the need for divers.

Although the Central Cormorant UMC will be installed in just 490 ft of water, it is built to operate in water depths of up to 2,000 ft. Without major design changes it could function at a depth of 4,000 ft. Shell believes the UMC could also be used for fields in relatively shallow water, which are too small to justify the cost of conventional platforms.

A decade ago engineers would have dismissed the collection of technologies that comprise the UMC as pure Heath Robinson. Even today, other oil companies are hardly falling over themselves to order such elaborate subsea systems. Many operators are in fact returning to simpler designs if they are capable of doing the job in hand.

If an oil company decides to use subsea completions, its main alternatives are between wet or dry (one atmosphere) Christmas trees; TFL or wireline servicing; and diver-assisted or remote installation. The oil industry in general chooses the wet, wireline-serviced trees that are installed with the aid of divers.

Profitable

Simple subsea systems, such as the one pioneered by Hamilton Brothers on its small Argyll field in the UK North Sea, have proved effective and profitable. Commissioned in 1975, Argyll uses satellite subsea completions that produce via a rudimentary manifold to a floating production facility. Versions of the Argyll system have been used around the world to develop fields in moderate water depths.

In deeper waters, oil companies have "souped up" their subsea systems, but not to any great extent. The Enchova field, in 625 ft of water off Brazil, has been produced with simple wireline-serviced, diver-assisted trees.

Similar equipment is now being installed on Shell Tunisia's Tazerka field, in up to 800 ft of water off Tunisia—the deepest field yet being developed with subsea techniques. This field uses a single anchor leg system (SALS) to transfer oil to a tanker, which provides process and storage facilities.

Tazerka's record will be broken later this year when subsea completions are installed in up to 900 ft of water on Petrobras' Corvina field, in the Campos Basin off Brazil. Again, the completions will be wet, wireline-serviced trees requiring some diver assistance.

Those in the subsea business believe that the more sophisticated concepts, such as TFL and one-atmosphere completions, will find greater use as development projects move into water 1,000 ft deep and beyond.

Although most companies have some experience with TFL completions, it has not all been good. Many TFL trees have been dogged with operational problems leading to lengthy periods of downtime. But it is no coincidence that the company which has invested most cash in TFL research and development, Shell, has achieved the best results. BP is another company that is starting to invest heavily in TFL techniques.

In parallel with development of subsea techniques, the oil industry has been working on a range of floating production systems to provide processing and storage facilities for the subsea well streams. Until now it has used either semi-submersibles or tankers, most of them specially converted from their conventional roles.

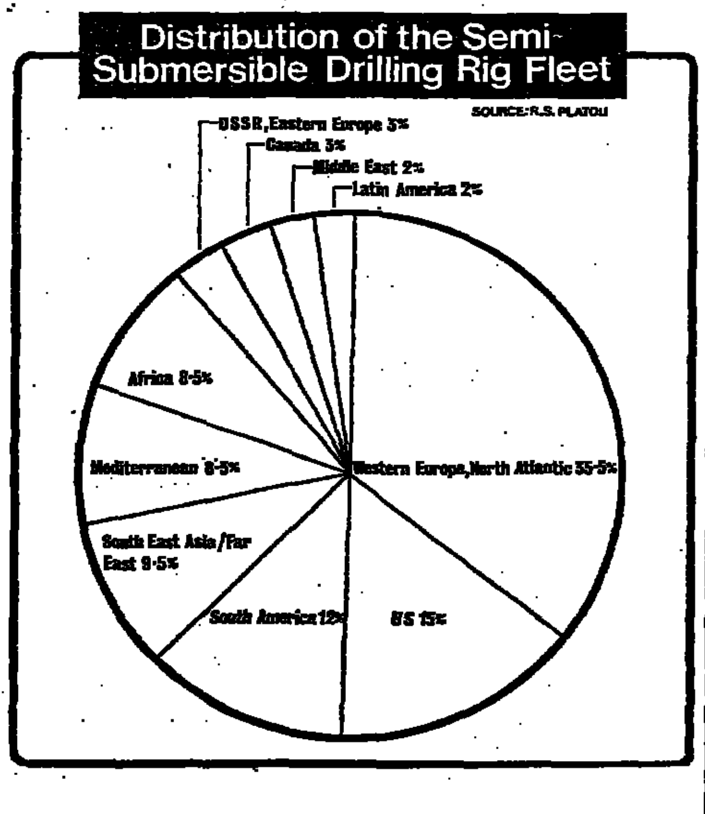
At the end of last year, there were 14 reservoirs worldwide being exploited with field-wide subsea systems. Eight were being produced via a semi-submersible and six via a tanker. In waters over about 1,000 ft, these systems may be superseded by tension leg platforms, articulated towers and dynamically positioned vessels.

Certainly, the industry is not yet ready to contemplate isolated subsea production systems without some variety of support installation above the waterline. As one oil company executive said: "We like to keep some real estate in the air."

Jim Joseph

The 2,200-tonne structure of the Underwater Manifold Centre for the Central Cormorant Field.

Distribution of the Semi-Submersible Drilling Rig Fleet



Declining North Sea activity slows improvements in design. **Martin Dickson** explains

Platform development needs a boost

THE TECHNOLOGY of the world's offshore oil and gas platforms is going through an exciting era of change.

As the hunt for hydrocarbons goes into ever deeper and more hostile waters, the fixed production platforms which have always dominated the offshore industry are giving way to a new generation of floating platforms and seabed structures of widely differing designs.

The testing ground for many of these revolutionary new ideas is the North Sea. However, a substantial slowdown in the pace of North Sea development means that the move from designing board to commercial operation could be slower than analysts were expecting a year or so ago.

Falling real oil prices plus the UK Government's tax policies have made several oil companies have second thoughts about pressing ahead with new North Sea fields.

The result is a dearth of orders for new platforms — both conventional fixed ones and new floating varieties. In recent weeks UK companies building either the "jacket" (substructure) of North Sea platforms or the modular equipment which sits on top have issued statutory precautionary 90-day redundancy notices to more than 2,000 workers.

The offshore construction industry has warned that many more of its 25,000 workforce could lose their jobs unless orders for platforms and related equipment are placed by the end of the year.

Hopes of new orders in the near future are pinned largely on three groups: British Gas, which is expected to begin ordering platforms shortly for its £1bn Morecambe gas field in the Irish Sea: The British National Oil Corporation, which is drawing up plans for the development of its Clyde oil field; Marathon, which is planning a second platform for Brae; and Total/Elf, which is considering the development of its Alwyn oil and gas find.

The position in the North Sea reflects a worldwide trend, as a construction boom in 1980-81 starts tailing off. According to Merril Lynch's Monthly Petroleum Review the number of platforms under construction around the world stood at 230 last December. This was still slightly above the 224 recorded in the same month of 1980, but down from a high of 286 reached in June last year.

Furthermore, only 400 platforms were in the design or planning stage last December, compared to 521 at the same point in 1980.

Amid the development of floating production systems, the technology behind the fixed steel platforms which dominate the offshore industry has been progressing also.

Deeper waters

Design changes have permitted their use in ever deeper waters. Last year Union Oil installed the 26,000 tonne steel jacket for its Cerveza field, in the Gulf of Mexico, in 935 ft of water — the tallest platform installed in one piece. The tallest fixed platform ever built is in Shell's Cognac field, also in the Gulf of Mexico, which was installed in three pieces and stands in 1,026 feet.

A further innovation in the Gulf of Mexico is the "guyed tower" being developed for Exxon's Lena field. Standing in 1,000 feet of water, this will be a slender steel structure which is given stability by radiating guy-lines, which allow it to move slightly in response to wind and water.

In the North Sea, an historical landmark was reached last month when British Petroleum installed the jacket for its Magnus field. The 40,000 tonne monster is the largest steel structure installed in the North Sea. It stands in 600 feet of water, the greatest depth for a North Sea platform.

The records set by Magnus are unlikely to be beaten, for in fields of such depth the trend is now towards floating production systems.

Indeed, BP did consider using a floating system — the so-called Tethered Bouyant Platform — for the development of Magnus but at the time the investment decision was made in 1978 this option was considered more expensive.

BP's tethered buoyant platform, which has yet to get off the drawing boards, is similar to the so-called tension leg platform (TLP) being developed by Conoco for use in the North Sea's Hutton field.

The structure floats on the surface and is tethered in position above the oilfield by a series of tensed steel cables, running from seabed templates to the four corners of the platform's hull.

The advantages of floating production systems generally are that they can be used in very deep waters whereas fixed platforms are limited to about 1,000 ft of water, and that they can be moved from field to field, making the economics of smaller offshore oil accumulations more attractive.

A specific advantage claimed for the TLP over rival floating systems is that the tension legs largely suppress heavy pitch and roll motions.

The Hutton platform is being built in Scotland, with McDermott's Ardersier yard making the deck and the Nigg Bay yard of Highlands Fabricators the hull section.

Conoco says the TLP will be capable of operating in water depths of up to 2,000 ft. However, for its commercial application in Hutton it will only be in 485 ft of water, with the field being used as a testing ground.

Swops

BP, meanwhile, is pressing ahead with the development of a floating production system resembling an oil tanker. Called the single well oil production system (Swops), the vessel would be used to exploit small fields or test the production capabilities of large reservoirs.

Shaped like a ship, the Swops vessel would have a retractable riser pipe—a proboscis-like tube—which would be connected to an oil field well head located on the seabed.

Oil would pass up the riser to the vessel, where it would be processed and stored. Associated natural gas, stripped from the oil, would be used to power the ship's operating system.

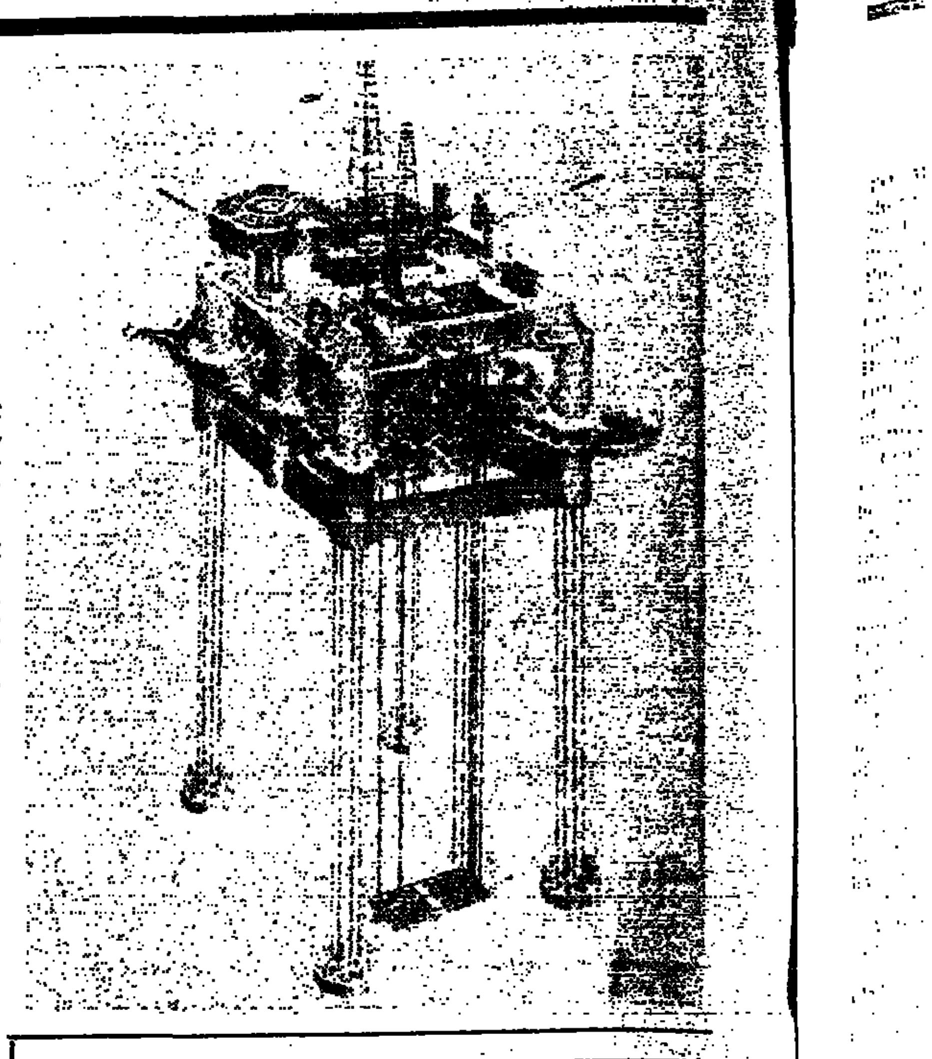
When the vessel's tanks were full the riser would be withdrawn and the Swops would sail to the nearest oil port to discharge.

BP recently awarded a design contract for the vessel to a British Shipbuilders subsidiary, VO Offshore of Barrow-in-Furness, Cumbria. The work, involving the design of the ship and its main propulsion machinery, is expected to be completed late this year.

Alongside the development of floating systems, the oil industry is also directing much research into so-called "subsea completions" — locating well control mechanisms directly on the seabed, controlled electronically from the surface.

The most dramatic of these innovations — discussed more fully in another article in this survey—is Shell-Esso's Underwater Manifold Centre, due to be installed in the North Sea Cormorant field.

When the Shell system was unveiled late last year it prompted Mr Jan Memelink, the company's technical director for UK exploration and production, to declare: "The deep sea, just as much as deep space, is an environment where man is alien and where his technology will be stretched to the maximum." The sentiment applies to all offshore production systems, be they on the seabed, fixed platforms or floating on the waves.



New tension-leg platform

Conoco's new type of North Sea drilling platform (right) does not rest on the sea bed but is tethered and semi-submerged using a "tension-leg" concept which may be used for oil production at depths down to 2,000 ft

Bright outlook for chemicals used in drilling

Mud is big business

MUD MAY not sound big business but the big expansion in oil and gas drilling activities worldwide over the past few years has spelt boom times for manufacturers of "mud," the chemicals used during the drilling of a well.

The international mud market is estimated to have grown by more than 20 per cent a year in value terms for the last six years and is now worth $3bn to $4bn a year. The downturn in the oil market will take some of the glitter off this record, but the medium-term outlook remains bright.

The oil and gas industry is having to drill ever deeper into the earth's surface to find hydrocarbons and that means a much greater use of mud per well.

Mud is pumped down a well through and around the edges of the drill bit. It returns to the surface again in the gap between the side of the well and the drillstring (the piping which turns the bit).

It has several key functions. First, it lubricates and cools the bit. Second, it flushes out the chippings of rock which result from drilling and it brings them to the surface. There the chippings are filtered out so that the mud can be used again.

The chippings are useful for getting information about the geology being penetrated and hydrocarbons in the mud can give the first clue that oil and gas has been struck.

Thirdly, the mud lines the wall of the drilled hole, preventing it from caving in. Finally, the weight of the mud balances the pressure of the formation encountered during drilling. Mud control is a highly skilled art.

Among the large companies dominating the market are: Magcobar, a division of Dresser Industries; Bariod, part of NL Industries; IMCO, a division of Halliburton, and Milchem, part of Baker International.

Joint ventures

These companies together represent about 75 per cent of world sales, and additional joint ventures mean they probably have a share in 90 per cent of the market. Nevertheless, there are a substantial number of small, independent suppliers. In the UK these include companies such as International Drilling Fluids, a subsidiary of English China Clays, and BW Mud, part of the KCA International group.

The biggest single market for mud is the U.S., which accounts for about 65 per cent of world sales, a substantial rise on the 52 per cent recorded in 1975. U.S. sales have been growing faster than world sales as a whole because of a tremendous upsurge in U.S. drilling activity.

Mud costs rise exponentially as a well increases in depth. From 5,000-7,500 ft mud costs around $4 a foot, from 7,500 to 10,000 some $10 a foot and from 10,000 to 15,000 feet around $30. Above 15,000 feet—what is usually classified as a deep well—mud costs rise to $45 a foot or more.

The trend is towards deeper drilling, particularly in the U.S. for natural gas after the Government's decontrol of gas below 15,000 feet in 1979.

Deep wells are estimated to need 20 times more mud than the average well. They use greatly increased quantities of all types of mud ingredients but particularly barite, a key constituent of the fluid. Barite accounts for about 40 per cent of the value of all the ingredients used to make up mud in the U.S.

While muds have traditionally been water-based, there has been a substantial increase in recent years in the use of oil-based fluids in deep wells where the temperature at the bottom is particularly high.

Oil-based muds have two drawbacks: they are considerably more expensive than water-based ones and they can also pose environmental problems, which means they cannot be discharged on land or directly into the sea after use. Remote disposal again adds to the costs.

The move towards oil-based muds is one example of the way in which deeper and deeper wells will tax the research and development facilities of the supplying companies and place new demands on the quality of the on-site support they provide to drilling operations.

Martin Dickson

Bringing commercial and safety needs closer

IN THE first 17 years of Britain's offshore oil industry, a series of disasters and spectacular rescues has grimly demonstrated that North Sea oil's price is measured in human lives as well as dollars.

But it is only now, as the industry moves more slowly into the harsher North Sea regions, that the question of safety is beginning to overshadow the novelty of the oil bonanza in the public mind.

A similar change of mood appears to be taking place within the industry itself, judging by some of the remarks made at a recent national conference on UK offshore safety.

Dr Matt Linning, a former managing director of BP Petroleum Developments and one time head of its North Sea operations, complained that the conference sponsored by the UK Offshore Operators' Association was the first of its kind and that the industry had taken 17 years to come together to discuss safety.

While all speakers at the conference agreed that complacency was the prime enemy of safety, there were disagreements about the degree to which standards should be enforced by tighter legislation. Union representatives, in particular, stressed the need for a greater Government role. Other speakers complained that, in some ways, UK safety standards appeared less stringent than those of Norway.

There is indeed a steadily growing wake of UK legislation about operating procedures. But, so far, the speed with which the industry has developed has made it difficult for legislation to keep up with changing technologies.

Instead, oil companies prefer a system of self regulation in agreement with the Energy Department. This means the companies set their own standards of safety, which are open for inspection and subject to official approval.

The Government, too, is happy with this formula which is likely to continue until the distant day when offshore oil production is a mature industry —or unless it suffers a disaster greater than any it has yet experienced.

Two of the more serious recent disasters were outside British waters—the death of 123 men when the Alexander L. Keilland, a Norwegian accommodation platform, capsized two years ago, and the capsize in January of the Ocean Ranger rig, off Newfoundland, with the death of 84 men.

In the British North Sea, 13 men died in a helicopter crash last year; and two divers died, two years ago, in a stricken diving bell in the Thistle field.

Parallels

As Dr Limming made clear at the UKOOA conference, not everyone complacently agrees that the oil industry has had a remarkable good record. In a recent book, Mr Kit Carson, senior law lecturer at Edinburgh University, said there were "extraordinary parallels" between safety efforts in the North Sea and the "earlier efforts to impose statutory control upon the operations of the dark satanic mills of the 19th century."

In the rush to bring gas and oil ashore, he claimed, safety had become "a rather poor second," he says.*

He is strongly against leaving safety to the oil operators and the Energy Department. Instead, he wants it to be transferred to the Health and Safety Executive of the Department of Employment.

In the meantime, the charge that too many lives are being sacrificed for oil encounters the argument that safety is observed because it is essential for the oil companies' profitability.

When one turns from this controversy to enumerate some of the developments in technology and practice, one is impressed by the overwhelming importance of safety.

In diving, for example, changes are being proposed both in the equipment and in procedure. At the Wolfson Microelectronics Institute in Edinburgh, work has begun on a new device to unscramble the "Donald Duck" type voices of divers when they breath helium enriched air.

Intense cold is another menace to divers especially if they are waiting to be freed from a crippled bell.

Propane heaters already exist, but are unsuitable at extreme depths. American Navy scientists are working on a hydrogen-fuelled heater, providing two kilowatts of heat for up to 6 hours, at depths of 450 ft. The heat is provided in a small tank and pumped through the diver's suit.

Another change in practice which, it is claimed could lessen the risk for divers, would force companies to support ships to carry only pre-mixed cylinders of helium and oxygen. This follows claims that some North Sea divers have died as a result of accidentally being given pure helium, instead of the right helium-oxygen mixture.

The oil industry is also intensifying research into the many environments which offshore structures have to withstand.

In the U.S. some 15 international oil companies are helping to finance a $1. [illegible] research programme by the Battelle Institute at Columbus, Ohio, into how satellites can monitor the behaviour of the oceans.

Figures from the U.S. Government in the mid-1970s suggest that remote satellite sensing systems could have saved oil producers millions of dollars in drilling operations in the Gulf of Alaska alone. This is another graphic example of where safety interests coincide with commercial areas.

* *"The Other Price of Britain's Oil" by W. G. Carson, published by Martin Robertson, Oxford.*

Maurice Samuelson

INTERNATIONAL OFFSHORE TECHNOLOGY V

New ways of moving oil from sea to shore

TO MOVE oil from sea to shore is a complicated and costly business. The ambitious new Louisiana Offshore Oil Port (LOOP) cost around $700m, while the bold plan for submarine gas tankers put forward last year by General Dynamics of the U.S. would run away with many billions of dollars if ever implemented.

LOOP began operating late in 1981, but will not really be running at full stretch until around the middle of this year. Located about 19 miles off the Louisiana coast, it is the first port in the U.S. which can discharge fully laden VLCCs and ULCCs (very large and ultra large crude carriers).

Eventually, LOOP will link up with about 30 per cent of U.S. refining capacity. Its first shipment of 1.5m barrels of light Arabian crude came from the 270,000 deadweight ton Texaco Caribbean which had loaded the oil at a similar kind of facility in the Gulf.

Around 330 tankers are expected to call at LOOP in its first full year from mid-1982.

The advantage of facilities like LOOP is that they cut out much of the awkward transhipment to smaller ships able to negotiate inland and coastal waters.

As well as its 19 miles of offshore pipelines, LOOP has another 28 miles running through the marshland between the shoreline and the Clovelly Salt Dome where crude oil is temporarily stored.

By the end of this year, all eight of the salt dome cavities should be available for storage. The oil is expected to come from Saudi Arabia, Nigeria, Kuwait, Egypt, Qatar, Abu Dhabi, Algeria, Oman, Libya and the North Sea. During LOOP's first stage daily throughput is around 1.4m barrels. Roughly half will go to refineries in Louisiana and the rest to the midwest and Texas.

LOOP has three single buoy moorings (SBMs) laid in an arc around the central control and pumping platform. There will eventually be six such SBMs. The shareholders in LOOP are Texaco with 26.6 per cent, Ashland Oil (18.6 per cent), Marathon Pipe Line Company (32.1 per cent), Murphy Oil (3.2 per cent) and Shell (19.5 per cent).

SBMs have been around for over 20 years, the first three being installed in 1959—two at Miri in Borneo and one in Sweden. But LOOP is the first significant SBM installation in the U.S.

Captain James Middleton, operations manager for Marathon Marine, said in a recent article that the concept required advanced engineering expertise, especially in fool-proof swivel joints for the cargo hoses and in underwater maintenance.

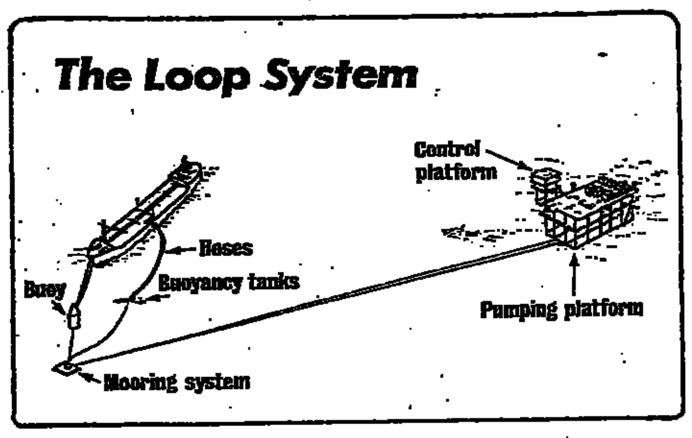
In areas like Japan, South Korea and the Middle East, SBMs have become fairly common, he wrote in the magazine of International Ship Suppliers Association.

Since the U.S. has no ports which can take supertankers—New Orleans, for example, has a maximum 40ft draft against large tanker drafts of 60ft and well over—LOOP was an obvious project, though it was nearly ten years before the first oil was discharged last May.

Other deep water offshore ports have been proposed off the southern and western coasts of the U.S., but LOOP is the only one to have actually been built.

Another such port — the Texas Offshore Port (TOP)—is being considered 12 miles off Freeport, Texas, at a possible cost of over $190m, while Coastal Corporation has a plan for a Gulf Coast Transhipment Terminal (GTT) which would probably cost only $30m and could be in operation within a year.

In its World Tanker Fleet Review, shipbroking company John I. Jacobs said there was "an uneasy feeling" in the U.S. that some long overdue port developments could be inhibited by high interest rates. But the Port Authority of New York and New Jersey has authorised a feasibility study for an oil terminal on Staten Island with a pipeline link to the Arthur Kill refineries; this could cost around $170m and be ready in 1986.



Last summer saw the starting-up of a major offshore facility at the Yanbu terminal in Saudi Arabia on the Red Sea, which takes oil transported across the country by pipeline from the country's eastern oilfields. Construction began in 1977 and was finished last July within the $1.6bn budget.

The current throughput is around 1.85m barrels a day, with a potential for expansion up to 3.7m. By taking the oil across the country instead of going around the peninsula to European and American markets, some 3,000 miles can be saved.

Taking an almost science fiction view of the future, the idea of using submarine tankers put forward by General Dynamics would involve an outlay of some $17.5bn for 17 non-nuclear ships with the appropriate facilities or a not much more modest $15.6bn for 14 nuclear vessels.

The audacious plan would be to transport natural gas from the Arctic under the ice to European markets. Putting such a plan into effect, however, is likely to require more than vision alone.

Andrew Fisher

Advances in microwave and satellite links

THE communications requirements of the offshore oil industry are extremely complex. Information about oil production has to be sent daily to land-based terminals, as well as requests for supplies and helicopter services to ferry men and materials between platform and shore.

Increasingly, platforms are equipped with computers to monitor conditions and to control the flow of oil and gas. Computers are constantly measuring and relaying information vital to the smooth running of the industry.

Maritime forms of communications have been based traditionally on radio. Most of the telecommunications authorities of maritime nations operate emergency long-distance links with the shore, mainly for ships in distress.

The facility, however, is not able to cope with all the day-to-day needs of the offshore oil industry, and other more sophisticated methods of communication such as satellites and microwave radio, are being increasingly used. As the cost of satellites is falling, so their use is likely to increase. Phillips Petroleum, for example has its own satellite channel to serve one of its North Sea platforms.

Another technique, based on microwave radio, has been pioneered by British Telecom and Marconi, part of the GEC group.

It is called tropospheric scatter and tries to overcome the drawback of microwaves which normally have a transmission range extending only as far as the horizon. However, they are capable of carrying vast amounts of information necessary to control the day to day operation of an oil platform.

If platforms are relatively close to land, then large amounts of information can be carried by high capacity microwave systems. Microwaves are high frequency radio waves and are used in the southern most parts of the North Sea for example, and anywhere where the platforms are within sight of land.

Longer range

Tropospheric scatter allows engineers to increase the range of microwave transmission from about 30 miles to about 400 miles which can then reach the majority of platforms in the central and northern parts of the North Sea, well out of sight from shore.

Its principle is that very powerful microwaves are projected upwards towards the horizon in a narrow beam in the direction of the platform from the shore transmitter, or vice versa. Ever-present turbulence in the earth atmosphere, the troposphere, scatters the beam—just as a car's headlights can be seen at night even when the car itself is out of sight over a hill.

While most of the power of the beam is lost, sufficient remains in the scattered beam to be picked up by the very sensitive receiving aerials far beyond the horizon. Compared with the original signal the scattered beam is one thousand trillion times smaller.

British Telecom inaugurated its tropospheric scatter system in the North Sea in 1976. Mobil's Beryl Alpha was the first to be provided with an automatic telephone service using it.

In order to serve the North Sea, British Telecom built two special microwave land stations. One at Mormond Hill in north-east Scotland, while the second is at Scousburgh on South Shetland, to link the most northern platforms.

Elsewhere, the potential for growth in satellite communications is highlighted by the fact that, earlier this year, the International Maritime Satellite Organisation, Inmarsat, started operation of its system to improve contact between ships and landbases to replace the U.S. Marisat system which has been operating for several years.

Equally, it is possible for the offshore oil industry to use the system especially for its supply ships with link to both home base and platforms whatever the distance.

The first of the new Marecs satellites, operated by Inmarsat, was launched in late 1981 to cover the Atlantic with a second planned for the Pacific region. Both satellites are capable of providing the equivalent of 40 telephone channels compared with only 10 channels for the old Marisat systems which is incorporated into the new service until they are replaced with new satellites.

Elaine Williams

HELICOPTER FLEETS

A race to meet stringent demands

WITHOUT the helicopter, the development of North Sea oil and gas fields, and other offshore fields around the world, would either have taken much longer or would have been much more expensive. The unique capability of the helicopter to land and take-off almost vertically in confined spaces has made it the ideal vehicle for regular communications and supply duties between the mainland and rigs and platforms often several hundred miles out to sea.

As a result, there are now several hundred helicopters of various types engaged in offshore support operations throughout the world. Most of the 30 or so regular helicopter operators in the UK are involved in support work for the oil and gas industries in one way or another — although not all of them, because of the size of the aircraft they operate, actually fly between the mainland and the rigs. That task is handled by those with the larger machines.

In 1981, more than 650,000 passengers were carried by helicopter from UK mainland points, such as Aberdeen, Sumburgh, Tees-side and Unst, to the various rigs and platforms in the North Sea — and the figure is rising steadily each year.

It is estimated that there are more than 2,500 rigs and platforms involved in the offshore petroleum industry world-wide, requiring the transport of more than 50,000 people every week between them and the mainland —and that is in addition to the carriage of stores and equipment. Without the direct use of a large fleet of helicopters, the development of the petroleum industry would not have been as dramatic as it has been in the past two decades.

The biggest operator in the world, Petroleum Helicopters of the U.S., has more than 250 aircraft, most of them involved in the oil industry in one way or another. In the UK, the biggest operator is Bristow Helicopters, with over 70 aircraft in service, on order or in process of delivery, including some of the latest twin-engined turbine-powered aircraft such as the French Aerospatiale Super Puma, called the Tiger by Bristow. The next largest operator is British Airways Helicopters, with a fleet of nearly 40 aircraft, including the biggest passenger helicopter yet built, the new Boeing Vertol 234, a commercial derivative of the military twin-turbine engined, twin-rotor Chinook.

The new Westland 30 helicopter on a gas production rig in the North Sea

Behind these, excluding private or company aircraft, there are over 30 more regular operators of varying sizes, down to the smallest one-aircraft operator, all of whom are able in one way or another to support the oil industry as well as undertake other types of work.

Hand-in-hand

The development of the offshore oil industry and of the helicopter has gone hand in hand. As the growth of the oil industry's activities has been accelerated by the use of rotary-winged aircraft, so the stringent demands made by the oil industry have in turn forced the pace of technological development in helicopters. There have been steady demands, for example, for increased range and payload capabilities, leading to increased aircraft sizes. These in turn, have generated a demand for improved engine reliability and for better fuel consumption, while the harsh operating environment has led to improvements to the reliability of components, such as rotor blades and transmission systems, and epecially improved resistance to corrosion.

At the same time, the steady search for new materials has resulted in greater use of composites in helicopter manufacture, helping to save weight which in turn has helped to improve range and payload performance even more. As a result of these developments, the entire helicopter manufacturing industry has benefited, and rotary-winged craft as a whole are now more rugged, reliable and cost-effective than ever before.

This two-way stimulation of development is likely to continue through the 1980s, as the demand for crude oil generates exploration in even remote areas further from the mainland, requiring helicopters of even greater range and payload capacities. So far, the biggest helicopter used off-shore is the 44-seat Boeing 234. British Airways Helicopters is buying six of these aircraft. Three are already in service, linking Aberdeen directly with the distant Brent complex and also serving other parts of the North Sea. Two more are due to come into service soon, and the sixth aircraft is due in service this summer. Mr Charles W. Ellis, Boeing Vertol's vice-president business acquisition and helicopter programme management, says that in the first six months of BAH's operations with the Boeing 234 in the North Sea, more than 36,000 passengers were carried, with an average round-trip flight of about 4½ hours. Load factors have been very high, and punctuality and reliability are now very good, after some initial teething difficulties.

One feature of the development of the helicopter for offshore duties is that the aircraft generally used are twin-turbine engined, for greater reliability. The long-standing work-horse of the industry, the 26-30 seat Sikorsky S-61N, is twin-engined, and all the other aircraft that have followed have adopted the same concept of two-engined safety, including, for example, the latest types such as the 12-14 seater Sikorsky S-76, the 20-22 seater Aerospatiale Super Puma, the Boeing 234 and the latest arrival on the scene, the Westland W-30 19-seater, which entered service with British Airways Helicopters earlier this year.

Michael Donne

Dollar weak

Dollar fell suddenly in thin foreign exchange trading yesterday afternoon. Market sources suggested that the selling pressure came from the Middle East, and that the U.S. currency was generally exchanged for D-marks and the Japanese yen. Sterling benefited from the move out of the dollar, but remained weak against most European currencies.

DOLLAR — Trade-weighted index 113.4 against 113.8 on Wednesday, and 109.4 six months ago. Three-month Treasury bills 12.54 per cent (13.05 per cent six months ago). Annual inflation 6.8 per cent (7.7 per cent previous month)—The dollar fell to DM 2.3380 from DM 2.3550 against the D-mark; to FFr 6.1025 from FFr 6.1390 against the French franc; and to Y235.50 from Y237.15 in terms of the yen, but rose slightly to SwFr 1.9570 from SwFr 1.95.

STERLING — Trade-weighted index (Bank of England) 89.7 per cent, against 89.4 per cent at noon, 89.6 per cent at the opening, 89.4 per cent at the previous close, and 88.5 per cent six months ago. Three-month interbank 13 11/16 per cent (16 1/32 per cent six months ago). Annual 10.4 per cent (11 per cent previous month) — The pound opened at $1.7805-1.7815, and fell to a low of $1.7800-$1.7810, but rose sharply in the afternoon as the dollar weakened. Dealing spreads became very wide in thin, nervous trading, as sterling touched a best level of $1.8025-$1.8050, before closing at $1.7945-1.7965, a rise of 90 points on the day. On the other hand striing fell to DM 4.1975 from DM 4.21; to FFr 10.9550 from FFr 10.9650; and to Y423 from Y424; but rose to SwFr 3.5150 from SwFr 3.4850 against the weak Swiss franc.

D-MARK — EMS member (strongest). Trade-weighted index 124.7 against 124.0 on Wednesday, and 123.0 six months ago. Three-month interbank 9.225 per cent (11.75 per cent six months ago). Annual inflation 5 per cent (5.2 per cent previous month)—The D-mark remained very strong against most EMS currencies at the Frankfurt fixing, helped by Wednesday's announcement of a record West German trade surplus in March. It improved against four members of the EMS, losing ground to only the Irish punt and the Dutch guilder. The French franc fell to DM 38.30 per 100 francs from DM 38.3250, and the Danish krone to DM 29.41 per 100 krone from DM 29.50. Outside the system the Swiss franc fell to DM 1.2012 from DM 1.2090, but sterling improved to DM 4.20 DM 4.1950. The Bundesbank did not intervene when the dollar rose to DM 2.3565 from DM 2.3540 at the fixing, and the U.S. currency fell sharply to around DM 2.3360 in late trading.

ITALIAN LIRA—EMS member (weakest). Trade-weighted index 54.0 against 54.1 on Wednesday, and 56.0 six months ago. Three-month interbank 20 11/16 per cent (22 1/2 per cent six months ago). Annual inflation 16.1 per cent (16.7 per cent previous month)—The lira continued to weaken at the Milan fixing, losing ground to the dollar, sterling and all members of the EMS, except the Danish krone. The dollar rose to L1,303.30 from L1,302.30, and the pound to L2,325.90 from L2,320.50. The D-mark was again very strong, rising to a record L554.05 from L553.11, while the guilder was also firm, improving to L498.90 from L498.05. Outside the EMS the Swiss franc fell to L664.75 from L669.21, and the Japanese yen to L5.4860 from L5.5030.

FRENCH FRANC—EMS member (third weakest). Trade-weighted was unchanged at 79.2 against 82.1 six months ago. Three-month interbank 16 3/8 per cent (15 7/8 per cent six months ago). Annual inflation 14.1 per cent (13.9 per cent previous month)—The franc improved slightly against the dollar at the Paris fixing, and was unchanged at FFr 2.6097 against the D-mark. The dollar fell to FFr 6.1405 from FFr 6.1465.

THE POUND SPOT AND FORWARD

April 29	Day's spread	Close	One month	% p.a.	Three months	% p.a.
U.S.	1.7800-1.8050	1.7945-1.7965	0.23-0.33c dis	−1.87	0.88-0.78dis	−1.83
Canada	2.1800-2.2050	2.1925-2.1945	0.18-0.28c dis	−1.26	1.20-1.30dis	−2.28
Nethlnd.	4.63-4.68	4.65½-4.66½	2¼-1¼c pm	4.52	5¼-5¼ pm	4.83
Belgium	79.35-79.70	79.45-79.60	20-30c dis	−3.77	65-75 dis	−3.57
Denmark	14.21-14.28	14.22½-14.23½	[illegible]	[illegible]	[illegible]	[illegible]
Ireland	1.2090-1.2200	1.2180-1.2170	0.62-0.75p dis	−6.75	1.84-2.02dis	−6.35
W. Ger.	4.18-4.22	4.19¼-4.20¼	1½-1¼pf pm	4.28	5-4pf pm	4.05
Portugal	127.00-128.50	127.00-127.50	180-450c dis	−30.25	385-1200dis	−25.07
Spain	186.00-187.00	186.80-186.80	50-75c dis	−4.01	170-210dis	−4.07
Italy	2,322-2,333	2,330-2,332	22-25 lire dis	−12.29	65-69 dis	−11.50
Norway	10.71-10.77	10.75-10.77	6-7ore dis	−7.22	8¼-10 dis	−3.51
France	10.93-10.99	10.94½-10.96½	5-8c dis	−7.67	22-25 dis	−8.58
Sweden	10.39-10.43	10.41-10.43	¼ore pm-par	0.36	1¼-1¾ pm	0.53
Japan	421-425	422½-423½	2.45-2.25y pm	6.67	6.80-6.60 pm	6.23
Austria	29.40-29.65	29.48-29.53	15-11gro pm	5.29	39-31 pm	4.75
Switz.	3.47½-3.52½	3.51-3.52	2¾-2¼c pm	8.56	7¼-7¼ pm	8.53

Belgian rate is for convertible francs. Financial franc 86.90-87.00. Six-month forward dollar 1.14-1.20c dis, 12-month 1.90-2.05c dis.

THE DOLLAR SPOT AND FORWARD

April 29	Day's spread	Close	One month	% p.a.	Three months	% p.a.
UK†	1.7800-1.8050	1.7945-1.7965	0.23-0.33c dis	−1.87	0.88-0.78dis	−1.83
Ireland†	1.4640-1.4810	1.4770-1.4810	0.63-0.53c pm	4.75	1.75-1.60 pm	4.57
Canada	1.2220-1.2265	1.2225-1.2230	0.03-0.06c dis	−0.44	0.15-0.22dis	−0.60
Nethlnd.	2.5835-2.6260	2.5935-2.5960	1.50-1.40c pm	6.66	4.27-4.17 pm	6.46
Belgium	44.28-44.56	44.28-44.30	5-8c dis	−1.76	20-25 dis	−2.02
Denmark	7.9450-8.0175	7.9450-7.9550	2.85-3.10ore dis	−4.46	8.25-8.75dis	−4.28
W. Ger.	2.3325-2.3675	2.3375-2.3385	1.28-1.23pf pm	6.44	3.71-3.66 pm	6.30
Portugal	71.00-72.00	71.00-71.30	100-300c dis	−33.61	200-650dis	−23.74
Spain	104.20-104.80	104.20-104.25	16-23c dis	−2.24	65-75 dis	−2.68
Italy	1,298-1,306½	1,297-1,298	11-13 lire dis	−11.08	30-33 dis	−9.69
Norway	5.9900-6.0230	5.9950-6.0000	2.30-2.70ore dis	−4.99	2.85-3.05dis	−1.89
France	6.1000-6.1700	6.1000-6.1050	2¾-3½c dis	−6.10	10-11 dis	−6.83
Sweden	5.8150-5.8450	5.8150-5.8250	0.90-0.70ore pm	1.64	3.20-3.06 pm	2.14
Japan	235.10-238.55	235.45-235.55	1.71-1.63y pm	8.51	4.72-4.62 pm	7.93
Austria	16.45-16.62	16.45-16.47	10½-9¼gro pm	7.16	27½-24½ pm	6.28
Switz.	1.9535-1.9800	1.9565-1.9575	1.88-1.80c pm	11.28	5.08-5.00 pm	10.30

† UK and Ireland are quoted in U.S. currency. Forward premiums and discounts apply to the U.S. dollar and not to the individual currency.

CURRENCY MOVEMENTS

April 29	Bank of England Index	Morgan Guaranty Changes%
Sterling	89.7	−33.4
U.S. dollar	113.4	+5.1
Canadian dollar	87.9	−18.0
Austrian schilling	117.8	+25.3
Belgian franc	95.4	−1.4
Danish kroner	84.3	−13.5
Deutsche mark	124.7	+48.2
Swiss franc	148.1	+98.7
Guilder	115.0	+22.1
French franc	79.2	−14.8
Lira	54.0	−58.6
Yen	138.5	+33.4

Based on trade weighted changes from Washington agreement December, 1971. Bank of England Index (base average 1975=100).

CURRENCY RATES

April 29	Bank rate %	Special Drawing Rights	European Currency Units
Sterling	—	0.631461	0.567758**
U.S. $	12	1.12820	1.01258
Canadian $	15.32	—*	1.24112
Austria Sch.	5½	18.6761	16.7861
Belgian F	14	50.0039	45.0954
Danish Kr.	11	9.01848	8.10320
D mark	7½	2.65153	2.38686
Guilder	8	2.94015	2.64922
French Fr.	9½	6.90929	6.22890
Lira	19	n.a.	1319.65
Yen	5½	n.a.	240.742
Norwgn. Kr.	9	6.77552	6.08309
Spanish Pts.	8	117.576	105.744
Swedish Kr.	10	6.57342	5.91146
Swiss Fr.	5½	2.20821	1.98689
Greek Dr'ch.	20½	71.2814	64.1471

* C$/SDR rate for April 28: 1.37996. ** Sterling/ECU rate for April 28 should have read: 0.568783.

OTHER CURRENCIES

April 29	£	$		£ Note Rates
Argentina Peso	21,585-21,425†	11,950-12,000†	Austria	29.45-29.75
Australia Dollar	1.6900-1.6920	0.9420-0.9425	Belgium	85¼-86¼
Brazil Cruzeiro	276.95-277.95	154.84-155.61	Denmark	14.21-14.35
Finland Markka	8.170-8.189	4.5545-4.5565	France	10.91-11.01
Greek Drachma	110.557-115.386	62.88-63.05	Germany	4.18½-4.22½
Hong Kong Dollar	10.39½-10.41	5.8100-5.8150	Italy	2300-2345
Iran Rial	145.40*	82.00*	Japan	424-429
Kuwait Dinar(KD)	0.506-0.513	0.2859-0.2861	Netherlands	4.66½-4.71½
Luxembourg Fr.	79.45-79.60	44.28-44.30	Norway	10.68-10.79
Malaysia Dollar	4.14½-4.15½	2.3100-2.3150	Portugal	126-134
New Zealand Dlr.	2.3250-2.3290	1.2945-1.2955	Spain	180¼-192¼
Saudi Arab. Riyal	6.07-6.13	3.4295-3.4315	Sweden	10.36-10.46
Singapore Dollar	3.77¼-3.78¼	2.1030-2.1080	Switzerland	3.47¾-3.51¾
Sth. African Rand	1.8825-1.8845	1.0485-1.0495	United States	1.77½-1.79½
U.A.E. Dirham	6.51-6.57	3.6715-3.6735	Yugoslavia	93-101

† Now one rate. * Selling rate.

EMS EUROPEAN CURRENCY UNIT RATES

	ECU central rates	Currency amounts against ECU April 29	% change from central rate	% change adjusted for divergence	Divergence limit %
Belgian Franc	44.6963	45.0954	+0.89	+1.04	±1.5440
Danish Krone	8.18382	8.10320	−0.99	−0.84	±1.6428
German D-Mark	2.41815	2.38886	−1.29	−1.14	±1.1097
French Franc	6.19564	6.22890	+0.54	+0.69	±1.3743
Dutch Guilder	2.67296	2.64922	−0.89	−0.74	±1.5069
Irish Punt	0.686799	0.690005	+0.47	+0.62	±1.6689
Italian Lira	1305.13	1319.65	+1.11	+1.11	±4.1242

Changes are for ECU, therefore positive change denotes a weak currency. Adjustment calculated by Financial Times.

For Sterling/ECU rate see CURRENCY RATES table.

EXCHANGE CROSS RATES

April 29	Pound St'rling	U.S. Dollar	Deutschem'k	Japan'se Yen	French Franc	Swiss Franc	Dutch Guild'	Italian Lira	Canadia Dollar	Belgian Franc
Pound Sterling	1.	1.796	4.198	423.0	10.956	3.515	4.660	2331.	2.194	79.53
U.S. Dollar	0.557	1.	2.338	235.6	6.101	1.958	2.595	1298.	1.222	44.29
Deutschemark	0.238	0.428	1.	100.8	2.610	0.837	1.110	555.3	0.523	18.95
Japanese Yen 1,000	2.364	4.245	9.923	1000.	25.90	8.310	11.02	5511.	5.186	188.0
French Franc 10	0.913	1.639	3.832	386.1	10.	3.209	4.254	2128.	2.002	72.59
Swiss Franc	0.284	0.511	1.194	120.3	3.117	1.	1.326	663.2	0.624	22.62
Dutch Guilder	0.215	0.385	0.901	90.77	2.351	0.754	1.	500.2	0.471	17.07
Italian Lira 1,000	0.429	0.770	1.801	181.5	4.700	1.508	1.999	1000.	0.941	34.12
Canadian Dollar	0.456	0.819	1.914	192.8	4.994	1.602	2.124	1065.	1.	36.25
Belgian Franc 100	1.257	2.258	5.278	531.9	13.78	4.480	5.860	2931.	2.756	100.

FT LONDON INTERBANK FIXING (11.00 a.m. APRIL 29)

3 months U.S. dollars		6 months U.S. dollars	
bid 15	offer 15 1/8	bid 14 15/16	offer 15 1/16

The fixing rates are the arithmetical means, rounded to the nearest one-sixteenth, of the bid and offered rates for $10m quoted by the market to five reference banks at 11 am each working day. The banks are National Westminster Bank, Bank of Tokyo, Deutsche Bank, Banque Nationale de Paris and Morgan Guaranty Trust.

EURO-CURRENCY INTEREST RATES (Market closing Rates)

April 29	Sterling	U.S. Dollar	Canadian Dollar	Dutch Guilder	Swiss Franc	D-mark	French Franc	Italian Lira	Belgian Franc Conv.	Belgian Franc Fin.	Yen	Danish Krone
Short term	12⅞-13⅛	15⅝-15⅞	15½-16½	8½-8¾	2-2¼	9⅛-9¼	17-18	16-19	16-17	15-15½	6⅝-6⅞	15½-15⅞
7 days' notice	13¼-13⅛	15¼-15⅛	15½-16½	8⅝-8⅞	2-2⅛	9⅛-9¼	19-20	25¾-25¾	15⅝-17⅞	14¾-15¼	6⅞-7	18¼-19⅛
Month	13¼-13⅝	15-15¼	15⅝-16	8¾-8⅞	4⅝-4¾	8½-9⅛	20¾-21¾	24⅞-25⅞	16-17	14¾-14⅞	6⅞-7	19⅞-20¼
Three months	13⅝-13¾	14⅞-15⅛	15¾-16⅛	8⅝-8⅞	4½-4⅞	8½-8⅞	21⅛-22¼	24⅛-25⅛	16½-17	14⅞-14⅞	6⅞-7⅛	19⅞-20¼
Six months	13⅝-13¾	14⅞-15⅛	16⅛-16⅞	8⅝-8¾	5-5⅛	8⅛-8⅝	21¼-22	23⅞-24⅝	16½-17	14⅞-14⅞	6⅞-7⅛	18⅝-19
One Year	13⅝-13¾	14⅞-14⅞	16¼-16⅝	8⅞-9	5⅛-5⅝	8⅛-8⅝	19¾-20½	23⅛-24½	16-16½	14⅞-14⅞	6⅞-6⅞	17-17⅝

SDR linked deposits: one month 13⅛-13½ per cent; three months 13½-13¾ per cent; six months 13 1/16-13 9/16 per cent; one year 12⅞-13¼ per cent.

ECU linked deposits: one month 13⅝-14 per cent; three months 13 11/16-14 3/16 per cent; six months 13 15/16-14 5/16 per cent; one year 13 15/16-13 13/16 per cent.

Asian $ (closing rates in Singapore): one month 15 1/16-15 5/16 per cent; three months 15-15¼ per cent; six months 15-15¼ per cent; one year 14 15/16-14 13/16 per cent. Long-term Eurodollar two years 15-15¼ per cent; three years 15⅛-15⅜ per cent; four years 15⅛-15½ per cent; five years 15⅛-15⅜ per cent; nominal closing rates. Short-term rates are call for U.S. dollars, Canadian dollars and Japanese yen; others two days' notice.

The following rates were quoted for London dollar certificates of deposit: one month 14.70-14.80 per cent; three months 14.70-14.80 per cent; six months 14.70-14.80 per cent; one year 14.60-14.70 per cent.

MONEY MARKETS

London rates continue to ease

UK CLEARING BANK BASE LENDING RATE 13 PER CENT (SINCE MARCH 12)

Interest rates were slightly easier in London yesterday. The fall in period rates reflected sterling's continued strength which was boosted by a decline in the dollar and U.S. interest rates. Short term rates fell as the Bank of England gave rather more assistance than appeared to be necessary. An early forecast of a shortage of £200m was amended to £250m and the Bank bought a total of £261m of eligible bank bills. These were split into £10m in band 1 (up to 14 days) at 13⅛ per cent, £153m in band 2 (15-33 days) at 13 per cent and £98m in band 3 (34-63 days) at 12⅞ per cent.

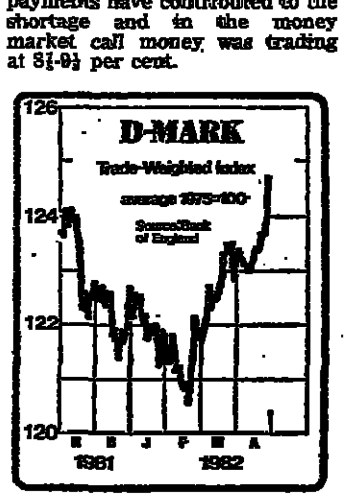
Although no further help was given in the afternoon, the Bank did announce a further revision to the forecast to a shortage of £150m. This was reflected in the overnight interbank rate which fell to 1 per cent in places, of 13⅛-13¼ per cent and rates having started the day at a high declined from this early level during the day.

Factors affecting the market included bills maturing in official hands —£183m and Exchequer transactions —£75m.

In New York interest rates were easier following moves by the Federal authorities to make further funds available to help offset expected fluctuations in short term liquidity.

In Frankfurt call money was quoted at 9.5 per cent as banks continued to seek funds to meet end of month requirements. As expected the shortage caused by this and the unwinding on Monday of a DM 5.5bn repurchase agreement has not been countered by further assistance from the Bundesbank and banks have had to draw heavily on the special Lombard facility. Funds obtained in this way totalled DM 5.9bn on Wednesday, up sharply from Tuesday's figure of DM 2.3bn. Yesterday the special Lombard facility remained open at 9.5 per cent.

In Amsterdam the official Dutch call money rate was increased to 8.75 per cent from 8 per cent, reflecting a tightening in market liquidity. Revenue payments have contributed to the shortage and in the money market call money was trading at 8⅞-9⅛ per cent.



EUROCURRENCIES

Eurodollars firmer

Firmer Euro-dollar rates helped to push the dollar weaker in forward trading yesterday. The dollar's discount against sterling widened from Wednesday's levels as Euro-sterling rates were basically unchanged.

The differential between Euro-dollars and Euro-D-marks also widened and the mark commanded a higher premium in the forward market.

The French franc and Japanese yen behaved in a similar manner while a higher premium on the Swiss franc reflected not only higher Euro-dollar rates but a fall in Euro-Swiss franc rates.

Italian rates were slightly firmer but the lira failed to respond in forward trading, showing a slightly wider discount against the dollar.

MONEY RATES

NEW YORK

Prime rate	16½
Fed. funds (lunch-time)	15⅞-16⅛
Treasury bills (13-week)	12.54
Treasury bills (26-week)	12.72

GERMANY

Special Lombard	9.50
Overnight rate	9.50
One month	9.30
Three months	9.225
Six months	9.00

FRANCE

Intervention rate	18.00
Overnight rate	16.75
One month	16.625
Three months	16.625
Six months	15.5625

JAPAN

Discount rate	5.50
Call (unconditional)	7.21875
Bill discount (three-month)	7.09375

LONDON MONEY RATES

April 29 1982	Sterling Certificate of deposit	Interbank	Local Authority deposits	Local Auth. negotiable bonds	Finance House Deposits	Company Deposits	Discount Market Deposits	Treasury Bills ♦	Eligible Bank Bills ♦	Fine Trade Bills ♦
Overnight	—	1-13¼	12⅞	—	—	9-13¼	1-13	—	—	—
2 days notice	—	—	13⅛	—	—	—	—	—	—	—
7 days or	—	—	—	—	—	—	—	—	—	—
7 days notice	—	13¼-13⅜	13⅛	—	—	13⅛	13	—	—	—
One month	13 7/16-13⅜	13⅛-13⅜	13⅛	14¼-14	13⅝	13¾	13	13 1/16	13 1/16	14
Two months	13⅜-13½	13 7/16-13¾	—	14¼-14	13 9/16	13¾-13⅞	12⅞	13	12 15/16-12 13/16	13¾
Three months	13 7/16-13½	13⅝-13¾	13⅝	14¼-14	13¾	13⅞	12¾	12 13/16	12 13/16-13	13¾
Six months	13 9/16-13½	13⅝-13¾	13⅝	13⅞-13⅝	13¾	—	—	—	12¾-12⅝	13⅝
Nine months	13 9/16-13½	13⅝-13¾	—	14¼-13⅞	13¾	—	—	—	—	—
One year	13 9/16-13½	13⅝-13¾	13¾	14-13¾	13¾	—	—	—	—	—
Two years	—	—	14	—	—	—	—	—	—	—

Local authorities and finance houses seven days' notice, others seven days fixed. Long-term local authority mortgage rates nominally three years 14⅛ per cent; four years 14⅞ per cent; five years 14⅞ per cent. ♦Bank bill rates in table are buying rates for prime paper. Buying rates for four-month bank bills 13-13 1/16 per cent; four months trade bills 13⅞ per cent.

Approximate selling rates for one month Treasury bills 12 15/16 per cent; two months 12⅞ per cent; three months 12 23/32 per cent. Approximate selling rate for one month bank bills 12 15/16-13 per cent; two months 12 13/16-12 23/32 per cent and three months 12⅞-12 23/32 per cent; one month trade bills 13⅝ per cent; two months 13½ per cent; three months 13½ per cent.

Finance Houses Base Rates (published by the Finance Houses Association) 14½ per cent from April 1 1982. London and Scottish Clearing Bank Rates for lending 13 per cent. London Clearing Bank Deposit Rates for sums at seven days' notice 10-10¼ per cent. Treasury Bills: Average tender rates of discount 12.8910 per cent.

Certificates of Tax Deposit (Series 5) 13⅞ per cent from March 8. Deposits withdrawn for each 11 per cent.

FT UNIT TRUST INFORMATION SERVICE

AUTHORISED TRUSTS

[illegible]

INSURANCE & OVERSEAS MANAGED FUNDS

INSURANCES

Abbey Life Assurance Co. Ltd.
1-3 St. Paul's Churchyard, EC4. 01-248 9111

Property Fund	226.1	238.0		—
Equity Fund	51.9	54.7	+0.8	—
Property Acc.	264.8	278.8		—
Equity Acc.	49.7	52.4	+0.8	—
Selective Fund	[illegible]	[illegible]	+1.2	—
Money Fund	[illegible]	173.5		—
Convertible Fund	174.8	[illegible]		—
Prop. Fd. Ser. 4	208.8	[illegible]		—
Equity Ser. 4	55.6	[illegible]	+0.9	—
Man. Ser. 4	198.1	208.4	+1.2	—
Money Ser. 4	[illegible]	157.5		—
Conv. Ser. 4	149.7	157.6		—
Fixed Int. Fd. Ser. 4	114.4	120.5		—
American Ser. 4	114.4	120.5	−0.6	—
High Inc. Ser. 4	117.3	123.5	+1.4	—
Pension Property	314.7	[illegible]	+6.1	—
Pension Equity	284.6	[illegible]	+1.2	—
Pension Selective	149.3	[illegible]	+1.2	—
Pension Managed	291.4	306.8	+2.4	—
Pension Security	218.2	229.7		—
Pension Fixed Int.	110.5	116.4		—

Albany Life Assurance Co. Ltd.
31, Old Burlington St., W.1. 01-437 5962

Equity Fd. Acc.	[illegible]	355.6	+0.4	—
Fixed Int. Acc.	[illegible]	201.9	+0.3	—
Gtd. Money Fd. Ac.	154.6	162.7		—
Intl. Man. Fd. Acm.	149.9	157.7	−0.5	—
Intl. Fxd. Int. Fd.	107.8	113.5	−0.4	—
Prop. Fd. Acc.	[illegible]	166.4		—
M'ple Inv. Acc.	251.3	264.4	−0.2	—
Equity Pen. Fd. Acc.	437.5	460.6	+0.5	—
Fixed I. Pen. Acc.	305.5	321.6	+0.9	—
G'td. Mon. Pen. Acc.	212.6	223.8	+0.1	—
Intl. Mn. Pen. Acc.	174.1	183.2	−1.2	—
Prop. Pen. Acc.	208.2	219.1	+0.1	—
M'ple Inv. Pen. Acc.	363.7	382.7	−0.3	—

AMEV Life Assurance Ltd.
2-6, Prince of Wales Rd., B'mouth. 0202 762122

Crown Life—Continued

St. George Mangd. Fd.	108.7	114.4		—
Lincs & Gen. Fd.	117.8	124.0		—
Sage Fd.	[illegible]	[illegible]		—
Heritage Fd.	[illegible]	100.3		—
DBS Managed	100.2	105.4		—
Crown. Brit. Inv. A.		217.2	+0.2	—
Pens. Mixed. Fd.	145.7	150.9		—
Pens. Mang'd. Acc.	108.7	114.4		—
Pens. Mang'd. Init.	105.6	111.1		—
Pens. Equity Acc.	100.7	105.9		—
Pens. Equity Init.	97.7	102.8		—
Pens. Fxd. Int. Acc.	105.9	111.4		—
Pens. Fxd. Int. Init.	102.7	108.1		—
Pens. Money Acc.	106.8	112.4		—
Pens. Money Init.	103.8	109.2		—

Crusader Insurance PLC
Tower Hse, 38 Trinity Sq., EC3N4DJ 488 2923

Growth Prop April 16	104.1	114.4		—
Managed Pens Apr 14	112.11	118.10		—

Eagle Star Insur./Midland Assur.
1, Threadneedle St., EC2. 01-588 1212

Eagle/Mid. Units	76.2	79.0	+0.6	6.20

Equity & Law Life Ass. Soc. Ltd.
Amersham Road, High Wycombe. 0494 33377

UK Equities Fund	185.6	195.3	+1.5	—
Higher Inc. Fund	119.4	125.6	+0.8	—
Property Fund	190.2	200.2		—
Fixed Interest Fund	137.0	144.2	+0.5	—
Index Linked Secs Fnd.	92.4	97.3	−0.3	—
Gtd. Deposit Fund	133.9	140.9		—
Nth. America Fund	108.3	114.0	−0.8	—
Far East Fund	88.4	93.0	−0.1	—
International Fund	101.1	106.4	−0.2	—
Mixed Fund	164.8	173.4	+0.4	—

Equity & Law (Managed Funds) Ltd.
Amersham Road, High Wycombe. 0494 33377

[illegible]

OFFSHORE AND OVERSEAS

[illegible]

NOTES

[illegible]

FT SHARE INFORMATION SERVICE

BRITISH FUNDS

"Shorts" (Lives up to Five Years)

[illegible]

Five to Fifteen Years

[illegible]

Over Fifteen Years

[illegible]

Undated

[illegible]

Index-Linked & Variable Rate

[illegible]

INT. BANK AND O'SEAS GOVT. STERLING ISSUES

[illegible]

CORPORATION LOANS

[illegible]

COMMONWEALTH AND AFRICAN LOANS

[illegible]

LOANS

Public Board and Ind.

[illegible]

LOANS—Continued

1982 High	Low	Stock	Price £	+ or –	Yield Int.	Red.
		Financial				
100	95½	FFI 14pc '83	98⅝	......	14.18	14.84
97½	94	FFI(UK Fn.5½pcDb. '80-2	97½xd	+½	5.64	13.80
86	80	Do. 6¾pcDb. '81-84	84xd	......	7.41	13.69
93	82½	Do. 10¾pc Uns.Ln. '86	91½	......	11.47	14.75
90	78	Do. 11pc Uns.Ln. '88	89	......	12.84	14.30
91	78	Do. 11¾pc Uns.Ln. '90	89	......	13.20	15.00
90	82	Do. 12¾pc Un. Ln. 1992	88¾xd	......	14.09	14.32
64½	54	Do. 7¾pcADeb. '89-92	63	......	12.08	14.72
60	53	Do. 7¾pcADeb. '91-94	59xd	......	12.28	14.40
70	62	Do. 9pc 'A' '91-94	68½xd	......	13.33	14.78
67½	57¾	Do. 8¾pcLn. '92-97	66xd	......	13.81	14.90
		Building Societies				
100½	98⅛	Nat'wide 14¾pc 11.8.82	100¼	......	14.71	13.57
100½	98¾	Do. 14¾pc 25.8.82	100¼	......	14.71	13.72
101	99	Do. 15⅜pc 29.9.82	100½	......	15.30	13.87
101⅞	99¼	Do. 16¾pc 27.10.82	101xd	......	16.89	13.97
101	99½	Do. 15⅜pc 24.11.82	101xd	......	15.22	13.46
101	99¼	Do. 15¼pc 13.12.82	100½	......	15.17	14.42
101½	99¾	Do 16¼pc 17.1.83	101¼	......	16.05	14.37
101⅛	100	Do. 15⅝pc 7.2.83	100⅞	+⅛	15.49	14.40

FOREIGN BONDS & RAILS

1982 High	Low	Stock	Price £	+ or –	Div. % Gross	Red. Yield
85	65	Antofagasta Rly	80	–2	ϕ10	f13.33
67	55	Do. 5pc Pref	62	......	ϕ5	f13.70
98	98	Chilean Mixed	98	......	3	f3.10
16	13	Chinese 4½pc 1898	13	–1	—	—
13	11	Do. 5pc 1912	11½	......	—	—

[illegible]

AMERICANS

[illegible]

CANADIANS

[illegible]

BANKS AND HIRE PURCHASE

[illegible]

BANKS & H.P.—Cont.

[illegible]

Hire Purchase, etc.

[illegible]

BEERS, WINES AND SPIRITS

[illegible]

BUILDING INDUSTRY, TIMBER AND ROADS

[illegible]

CHEMICALS, PLASTICS

[illegible]

CHEMICALS, PLASTICS—Cont.

[illegible]

DRAPERY AND STORES

[illegible]

ELECTRICALS

[illegible]

ENGINEERING MACHINE TOOLS

[illegible]

ENGINEERING—Continued

[illegible]

FOOD, GROCERIES, ETC.

[illegible]

FOOD, GROCERIES—Cont.

[illegible]

HOTELS AND CATERERS

[illegible]

INDUSTRIALS (Miscel.)

[illegible]

INDUSTRIALS—Continued

[illegible]

INSURANCE

[illegible]

LEISURE

[illegible]

LEISURE—Continued

[illegible]

MOTORS, AIRCRAFT TRADES

Motors and Cycles

[illegible]

Commercial Vehicles

[illegible]

Components

[illegible]

Garages and Distributors

[illegible]

NEWSPAPERS, PUBLISHERS

[illegible]

PAPER, PRINTING ADVERTISING

[illegible]

PROPERTY

[illegible]

PROPERTY—Continued

[illegible]

SHIPPING

[illegible]

SHOES AND LEATHER

[illegible]

SOUTH AFRICANS

[illegible]

TEXTILES

[illegible]

TOBACCOS

[illegible]

TRUSTS, FINANCE, LAND

Investment Trusts

[illegible]

INVESTMENT TRUSTS—Cont.

[illegible]

Finance, Land

[illegible]

OIL AND GAS

[illegible]

OIL AND GAS—Continued

[illegible]

OVERSEAS TRADERS

[illegible]

RUBBERS AND SISALS

[illegible]

TEAS

India and Bangladesh

[illegible]

Sri Lanka

[illegible]

MINES

Central Rand

[illegible]

Eastern Rand

[illegible]

Far West Rand

[illegible]

O.F.S.

[illegible]

Finance

[illegible]

Diamond and Platinum

[illegible]

MINES—Continued

Central African

1982 High	Low	Stock	Price	+ or −	Div. Net	C'vr	Y'ld Gr's
120	75	Falcon Rh.50c	90	......	Q25c	10.3	20.7
33	20	Wankie Col. Z$1	23	......	Q3c	1.2	10.4
21	16	Zam.Cpr.SBD0.24	17	−1	—	—	—

Australian

1982 High	Low	Stock	Price	+ or −	Div. Net	C'vr	Y'ld Gr's
23	10	ACM 20c	21	......	—	—	—
7	2½	Argosy Gold NL 25c	3	−½	—	—	—
151	62	Bond Corp.	72	......	gQ10c	2.3	8.8
82	63	Bougainville I Kina	78	......	Q6½c	1.2	5.1
182	154	CRA 50c	175	+1	Q5c	—	1.7
17	8½	Canada Northwest	8½	......	—	—	—
16	10	Carr Boyd 20c	14	......	—	—	—
56	22	Central Pacific	33	−1	—	—	—
26	10	Cultus Pacific N.L.	24	−½	—	—	—
27	14	Eagle Corp. 10c	22	......	—	—	—
23	14	Endeavour 20c	16½	......	—	—	—
368	160	G. M. Kalgoorlie 25c	210	−5	Q32½c	0.9	9.4

[illegible]

Tins

[illegible]

Copper

[illegible]

Miscellaneous

[illegible]

NOTES

[illegible]

REGIONAL MARKETS

[illegible]

OPTIONS

3-month Call Rates

[illegible]

"Recent Issues" and "Rights" Page 31

This service is available to every Company dealt in on Stock Exchanges throughout the United Kingdom for a fee of £600 per annum for each security

FINANCIAL TIMES

Friday April 30 1982

BL launches bonus drive for trade-in deals

BY KENNETH GOODING, MOTOR INDUSTRY CORRESPONDENT

BL IS TO give its dealers bonuses of between £150 and £300 a car in May. The move reflects the company's concern about its failure so far this year to meet its market-share targets.

The aim of the bonus scheme is to give dealers more room to manoeuvre in what BL describes as "the most competitive market conditions we have ever seen."

The action should allow BL dealers to offer better prices for cars traded in by private buyers.

It will be backed by a major advertising campaign, launched on Sunday, with the theme that BL dealers "will give you much, much more for the car you are driving now."

Bonuses will be based on dealers' sales performance in April, and will therefore vary. All Austin Rover cars will be involved — including the Metro.

Mr Peter Johnson, Austin Rover director of sales and marketing, admitted last night that BL was "disappointed" with its car market share this year—less than 17 per cent compared with the target of 20-22 per cent for 1982.

"We won't be panicked into cutting our prices," he insisted.

The turmoil in the new car market came to a head in March when a Ford bonus scheme, offering up to £400 on some models, reached a climax.

As a result, Ford captured a record 39 per cent market share in March. This has fallen to 25 per cent in April, but Ford is still on target for a 32 per cent share for the year.

Ford followed up with its heavily publicised "price realignment" programme with advertising which emphasised the price cuts.

Vauxhall, the General Motors offshoot, retaliated by giving its dealers up to £400 a car in bonuses during April. This campaign excluded the Cavalier but, ironically, the Cavalier will still take second place in the best-selling car list for April with more than 7 per cent of total market sales.

Ministers back Civil Service pay award

By Elinor Goodman

PAY RISES of about 6 per cent for the armed forces and Civil Service are expected to be announced shortly.

Ministers decided yesterday to accept the recommendation of the Civil Service Arbitration Tribunal that Britain's 330,000 white-collar civil servants should get increases ranging from 3.75 per cent to 6.25 per cent and averaging 5.9 per cent.

Ministers also considered a report from the armed forces review body, which is understood to have proposed a range of increases averaging about 6 per cent. The Government seems almost certain to honour this recommendation in full, given the political climate created by the Falklands crisis.

Reports from other review groups, including the Top Salaries' Review Body are also being considered. No decision has been taken on the TSRB, which covers judges, senior armed forces officers and top civil servants, but it is understood to have recommended increases of well over 6 per cent, which could create problems for the Government.

The Civil Service award is subject to Parliamentary approval under the terms of the agreement which ended the 21-week Civil Service strike last year. The Government had reserved the right to ask Parliament to overturn the recommendation, but yesterday it decided against risking another damaging confrontation with the unions.

The recommendation on Civil Service pay is well in excess of the Government's 4 per cent limit. But Ministers seemed satisfied yesterday that, like last year's 7½ per cent award, the Civil Service settlement could be contained largely within the existing budget. The award also has the advantage from the Government's point of view of being below the 6.4 per cent it has offered nurses.

The Government had offered the civil servants increases ranging from nought to 5½ per cent. The offer was designed to make Civil Service pay reflect more closely the impact of market forces. The unions wanted a flat 15 per cent.

Ministers seemed to take the view yesterday that, while the tribunal's recommendation was well above its offer, the tribunal had accepted its argument against a flat-rate increase, and that market forces should be taken into account when fixing civil servants' pay.

The Council of Civil Service Unions accepted the award last wek when it was published, but arfued that it fell "far short" of the original claim.

THE LEX COLUMN

Marks steps up the pace

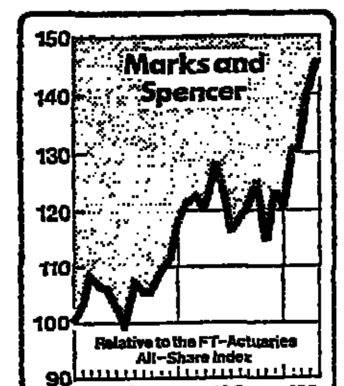
Pity the competitors of Marks and Spencer. At a time of stagnant retail demand, the stores group has pushed up volume in the UK by 11 per cent—and the rate of gain has been increasing. A slight widening of gross margins and continued tight control of costs means that net margins have improved. So pre-tax profits for the year have risen by 23 per cent to £222.1m.

The performance in the first half was flattered by a relatively weak comparable period in 1980, when pre-tax profits fell by 11 per cent. However, the second six months has maintained the growth momentum, with a profits rise of 21 per cent, even though the same period a year earlier had registered an improvement of 17 per cent.

Whereas volume in food in existing stores rose by perhaps 12 per cent in the first half in the second the gain seems to have been nearer 15 per cent, even allowing for an extra week. Likewise, in clothing a volume gain of perhaps 4 per cent in the first six months has emerged at nearer 9 per cent in the second.

Investors who switched out of Marks into recovery stocks last autumn have lost a lot of money. Is the timing for such a move more propitious now? A pick-up in retail spending—which would favour more fashion oriented stocks—still looks some way off. Moreover, there is more to the group's confidence in continued rapid volume growth in the current year than the attractiveness of its wares in recessionary times. Marks seems to have found a new growth formula in its range of new products like footwear and toiletries. At the same time as conducting an aggressive store expansion programme, it is switching clothes out of its secondary sites in favour of these new lines. Meanwhile, the patient work in Europe and Canada is showing definite signs of promise. Profits this year may be around £245m. The shares rose 1p yesterday to 162p, where the yield is 4.1 per cent.

Index rose 6.7 to 582.0



George Wimpey

The drop in George Wimpey's full year profits was not quite so steep at at the interim stage; nevertheless the decline at the pre-tax level is fully 20 per cent to £44.2m. The conservative amounting methods used by the group mean that only now is the downturn in the contribution from UK private housing beginning to work into the figures, and a further decline for the current year looks pretty well built in. Meanwhile property sale profits have been lower and North America remains difficult. However, the company has taken in a big chunk of profits following the completion of the Dubai aluminium smelter, and these earnings will tail off.

Private housing margins in the UK have been squeezed — a process not alleviated by the introduction of new marketing techniques. This year volume expansion is being achieved mainly by moving into the heavily contested market for first-time buyers. Meanwhile, a reduction of £12m in net debt has been partly brought about by a reduction in the land bank. In the current year underlying profits are likely to remain sluggish — although the exact outcome will depend on the level of property sales. Nevertheless, with investors apparently hypnotised by the prospect of a paper revaluation of property assets next year, the share price rose 5p yesterday to 112p, a level which finds little support from a yield of 3.6 per cent.

ICI

The cold water which ICI's new chairman poured on shareholders at last week's annual meeting was not enough to brace the market for yesterday's first quarter figures, which were well below expectations and left the shares 6p lower at 318p.

This was all in marked contrast to a year ago when ICI bounced back with a first quarter pre-tax profit of £52m. Yesterday's figure was £62m, which compares poorly with the £84m ICI made before the final quarter of last year. The unexpected damage came from oil and oil-based products. Lower output from Ninian, coupled with weak prices, cut oil profits to £12m, after almost maintained PRT payments.

But the excess production capacity in plastics and petrochemicals prevented lower crude prices from feeding through into margins, while destocking of finished products intensified the squeeze on overhead recovery.

Outside the long-standing problem areas, however, ICI is making steady progress. Chemicals volume showed an encouraging 5 per cent increase in continental Europe, even without much help from exchange rates. Both fibres and organics are now trading close to break-even and the pharmaceutical division is still racing ahead on the back of Tenomin sales in the U.S.

ICI is taking a very guarded view of the level of demand. Business picked up well in March but in some areas, such as agricultural products, the better weather may have been the main reason. On an historic yield of 8.5 per cent, the shares are certainly not discounting full dividend restoration in 1982.

GUS/Empire

Great Universal Stores has strengthened its hand by picking up another 14.7 per cent of Empire Stores in the market. True to form, it paid most of the bill with a vendor placing of its own shares and stopped just short of a total holding of 30 per cent—the level at which a full cash alternative to its existing offer would be required.

Including acceptances, GUS has almost 40 per cent of Empire under its belt and must be hoping to plead fait accompli at the Office of Fair Trading. Referral still looks very much on the cards but GUS stands to benefit either way. Its existing holding would probably be sufficient to deter any predator from outside the mail order sector, which must be its first objective, while a green light from the OFT could enable it to enhance its market share at relatively little cost. Only compulsory divestment would really put a spanner in the works.

NUR may strike to stop works closures

By Brian Groom, Labour Staff

THE NATIONAL Union of Railwaymen faced British Rail yesterday with the threat of strikes if BR went ahead with plans to cut more than 5,000 jobs in 12 engineering workshops.

The NUR executive voted to fight proposals which include closing the works at Horwich, Lancs, and Shildon, Co Durham, and halving the workforce at Swindon, within 18 months.

"If they proceed with this policy it will be met by the full industrial strength of this union, which will include strikes and other forms of action," the executive said in its resolution.

Mr Sid Weighell, NUR general secretary, made clear after the meeting that this would mean action by the union's 178,000 members among the 250,000 employees of British Rail and its subsidiaries.

No deadline was set, and the threat appears to be a shot across BR's bows.

"The Confederation of Shipbuilding and Engineering Unions, the other main representative of the 35,000 workers at British Rail Engineering, will decide its view on May 5, after which the unions meet the company again.

Mr Weighell said he was telling BR in advance that there ~~were not going to be any~~ closures. He wanted to discuss with them options such as pressing the Government for investment in wagons for the rail network, and taking over maintenance of privately-owned wagons.

A "bust-up" was imminent with BR, whether over closures, the pay claim, the findings of the McCarthy inquiry into flexible rostering, or the possible further "privatisation" of hotels or BR shipping interests.

Although the NUR was going to "knock hell out of BR," he blamed the Government for failing to come forward with investment and realistic financial limits.

The NUR had delivered on productivity, and a working party was being set up to solve the dispute on manning, which had delayed introduction of the new Bedford-St Pancras service. But there was a point where any self-respecting union had to say "enough is enough."

Yesterday more than 5,000 people marched through Shildon, which faces closure of its workshop with loss of 2,185 jobs by April 1983.

Midland calls in receiver at Ferguson Lacey trust

BY RAY MAUGHAN

MIDLAND BANK has appointed Mr Guy Parsons and Mr Richard Agutter of Peat, Marwick, Mitchell as joint receivers of Birmingham and Midland Counties Trust, the investment holding company controlled by Mr Graham Ferguson Lacey and his long-standing business associate, Mr Cecil McBride.

The receivers were "urgently assessing" the trust's finances yesterday but it is understood that its principal asset is a 38 per cent interest in NCC Energy, the fast-moving quoted exploration group headed by Mr Ferguson Lacey. The bank, through its Northern Bank Development Corporation subsidiary, is believed to have advanced between £8m and £12m to the trust, in a mixture of overdrafts and term loans with a floating charge on the stake in NCC.

The NCC listing was suspended on Monday at 35p, which values BCMT's holding at £4.9m against £15.68m earlier this year when the price was standing at a 1982 peak of 112p.

Mr Ferguson Lacey's business interests are run ultimately on behalf of his Christian foundation, which has helped him to forge close links with leading businessmen and religious leaders in the U.S. U.S. financiers supported him in the ambitious and, finally unsuccessful bid for Mr Roland 'Tiny' Rowlands' Lonrho group three years ago.

The suspension was requested pending "clarification" of NCC's affairs. The group is thought to have encountered liquidity problems and had been contemplating the sale of its 30 per cent stake in Simplicity, the patterns company quoted in New York, to improve its cash position.

NCC's original intention had been to merge with Simplicity —Mr Ferguson Lacey is already chairman—to use its estimated £50m cash balances for investment in further exploration opportunities. NCC had already committed $45 (£25.28m) to stakes in minerals and gold mining prospects in Australia in conjunction with companies associated with the Bond Corporation of Perth.

But three Simplicity investors have filed a lawsuit against NCC chargin gthat the company had "embarked on a plan to raid the Simplicity treasury" to finance the takeover. The suit will be heard in the New State Court on Monday, although NCC has already "terminated" its proposals to pursue the Australian deals.

It is understood that Mr Ferguson Lacey was seeking a waiver on the three-week period required to obtain shareholders' approval for a Class One transaction, such as the Simplicity disposal.

On Wednesday, Northern Bank sought to block this disposal in the High Court in London and was successful in winning a temporary injunction restraining NCC from charging or disposing of the stake for a week.

Mr Ferguson Lacey is expected to challenge this ruling although Simplicity's shares have recently been trading at about half the price of $15.14 per share paid by NCC last May.

It is not certain when the NCC quotation will be restored although the suspension was originally planned to for two or three days. Midland is said to be willing to listen to any bid overtures which would take NCC out at a price sufficient to cover the bank's loans to BMCT.

Mexico's largest company to meet creditors over $2.3bn debt

BY WILLIAM CHISLETT IN MEXICO CITY

GRUPO INDUSTRIAL ALFA, Mexico's largest private sector company, meets its international and domestic creditors in Houston, Texas, today, after suspending repayments of principal on its debts of $2.3bn (£1.3bn).

Alfa, which produces steel, petrochemicals and a range of consumer goods, also has extensive property interests. Its assets are valued at about $5bn. The group informed its 98 foreign creditors last week that it had suspended most principal payments. Interest payments on the debt will continue to be made.

Principal payments will continue to be made to the U.S. Export-Import Bank and to Mexican State institutions such as Banobras, the public works bank, which came to Alfa's rescue last year with a peso 12bn (£146.5m) aid package.

Almost $2bn of the total debt is owed to foreign banks, while the rest is peso debt to Mexican institutions. One-third of the $2bn foreign debt is short-term.

There has been speculation that the Mexican Government will come to Alfa's rescue a second time. But the Government is wrestling with serious balance of payments problems and faces severe cash pressures.

However, some officials are concerned that international confidence in Mexico, which has been noticeably sagging since the peso devaluation, is at stake over Alfa.

Alfa decided to suspend principal payments, initially from April 21 until April 30, on the advice of an informal steering committee of banks set up to reschedule the company's debt.

The committee, which is headed by Chase Manhattan and includes Barclays, realised that Alfa was having difficulty meeting its principal payments and that some banks were scrambling to get better terms —to the disadvantage of other banks.

At the same time that banks were informed by telex of the suspension of principal payments, they were also told that Alfa would no longer issue new guarantees.

Alfa's move had been expected for some time. The company's cash flow problems, largely brought about by an over-ambitious programme of acquisitions, were compounded by February's 40 per cent devaluation of the peso, which pushed up the cost of servicing the company's foreign currency debt.

Today's meeting is likely to be bitter. Bankers say they will have little option but to acquiesce to the suspension of principal payments until a rescheduling can be worked out.

Weather

UK TODAY

CLOUDY but dry in most places with rain in Northern Scotland. Near normal temperatures.

London, S. Central and N.W. England, Wales and Northern Ireland

Rather cloudy, some bright intervals. Perhaps a little rain in more northern areas. Max 12 to 14C (54 to 57F), 14 to 16C (57 to 61F).

N.E. England, Borders, Scotland

Rather cloudy, occasional rain. Wind strong to gale force in Central and Northern Scotland. Max 11 to 13C (52 to 55F), 8 to 10C (46 to 50F).

Outlook: Rain, spreading from the northwest to most parts. Becoming colder with night frosts.

WORLDWIDE

		Y'day midday °C	°F			Y'day midday °C	°F
Ajaccio	S	17	63	L. Ang.†		—	—
Algiers	S	19	66	Luxmbg.	C	9	48
Amsdm.	C	7	45	Luxor	F	37	99
Athens	C	15	59	Madrid	F	19	66
Bahrain	S	28	82	Majorca	S	23	73
Barclna.	S	17	63	Malaga	S	26	79
Beirut	F	22	72	Malta	F	17	63
Belfast	C	8	46	M'chstr	C	9	48
Belgrd.	*C*	*8*	*46*	*Melbne.*		—	—
Berlin	C	11	52	Mx C †		—	—
Biarritz	F	15	59	Miami†	C	23	73
Bmghm.	C	10	50	Milan	S	18	64
Blackpl.	C	10	50	Montrl †	S	6	43
Bordx.	S	19	66	Moscow	S	16	61
Boulgn.	C	10	50	Munich	C	11	52
Bristol	C	11	52	Nairobi		—	—
Brussels	R	7	45	Naples	F	14	57
Budpst.	F	14	57	Nassau		—	—
Cairo	*F*	*29*	*84*	*Nwcstl*	*R*	*8*	*46*
Cardiff	C	11	52	N York†	S	10	50
Cas'b'ca	S	19	66	Nice	F	16	61
Cape T.		—	—	Nicosia	F	21	70
Chicg.†	C	8	46	Oporto	S	21	70
Cologne	R	9	48	Oslo	F	8	46
Cpnhgn.	C	7	45	Paris	C	14	57
Corfu	R	11	52	Perth	S	28	82
Denver†		—	—	Prague	C	11	52
Dublin	C	10	50	Rykjvk.	Sl	1	34
Dbrvnk.	F	14	57	Rhodes	F	17	63
Ednbgh.	C	10	50	Rio J'o†		—	—
Faro	S	25	77	Rome	F	19	66
Florence	F	19	66	Salzbrg.	C	10	50
Frankft.	R	11	52	S'frisco†		—	—
Funchal	F	18	64	S. Mritz.		—	—
Geneva	C	13	55	Singapr.		—	—
Gibrltr.	S	22	72	S'tiago†		—	—
Gl'sg'w	C	10	50	Stckhm.	C	7	45
G'rnsey	C	10	50	Strasbg.	C	11	52
Helsinki	F	8	46	Sydney		—	—
H. Kong	R	21	70	Tangier	S	19	66
Innsbrk.	C	10	50	Tel Aviv	C	25	77
Invrnss.	R	7	45	Tenerife	F	21	70
I. o Man	C	10	50	Tokyo	C	18	64
Istanbul	R	11	52	T'rnto†	S	5	41
Jersey	C	11	52	Tunis	F	19	66
Jo'burg		—	—	Valencia	S	22	72
L. Plms.	F	21	70	Venice	C	15	59
Lisbon	S	22	72	Vienna	F	13	55
Locarno	F	20	68	Warsaw	C	11	52
London	C	13	55	Zurich	C	11	52

C—Cloudy. F—Fair. R—Rain. S—Sunny. Sl—Sleet.
† Noon GMT temperatures.

NEWS REVIEW

BUSINESS

Argus supervises Conoco offshore production

Telecontrol equipment produced by Ferranti Data Systems Group of Edinburgh has been accepted by Conoco (UK) Limited for use on their Hutton Tension Leg Platform.

Remote telemetry units, linked with the platform's Argus computer-based Supervisory Monitoring and Control System, provide comprehensive data from major plant items giving an overall picture of the oil production process.

New MOSFETS

Ferranti Electronics has introduced another member to its comprehensive family of N-channel vertical DMOS Power MOSFETS—the ZVN12 which is now in full production.

The four families in the ZVN12 range have breakdown voltages from 20-200V and maximum practical d.c. currents of up to 16A; on resistance is as low as 0.25 ohm maximum, typically 0.1 ohm.

Briefly . . .

Micro-Electronics Group of Ferranti plc in Scotland is now fully approved to BS 9450 for its thin film active hybrid and resistor networks. 1981 TOBIE award for electronic technology and originality was presented to Ferranti Electronics for FAB3, a new six-mask bipolar fabrication process for R series ULAs offering 10,000-gate complexity with ECL speeds and CMOS level power dissipation.

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Solidarity

Government a recent statement by the Polish Church Council on "national accord."

This document, produced at the beginning of April by a group of lay advisers to Archbishop Josef Glemp, said that the union should drop its overt political ambitions and suggested that Solidarity went too far in its demands last year.

The Solidarity leaders still at liberty also announced that, from now on, they would be co-ordinating action in an attempt to recover the middle ground, and mobilise the population behind moderate demands.

The group also called on union members to establish unofficial social welfare committees in each factory, to organise discussion groups to work on union tactics, and to acquire duplicating facilities. All union printing machinery was ordered seized following the military clamp-down.

The leaders warned the Government against taking any further drastic action against Solidarity. If the union were banned—at present it is "suspended" — they declared "we will not hesitate to call for a general strike and actively to defend factories."

Agencies add: Archbishop Glemp said in Rome yesterday that the Government's decision to free 1,000 internees was "a small step forward." About 2,000 others are still being held.

More concessions would be needed, however, before Pope John Paul II could visit Poland.

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U.S. on peace moves

to call a division at the end of the debate. Mr Tony Benn accused Mrs Thatcher and the Cabinet of losing control of the operation.

Mr Foot said that no military action should be taken which might jeopardise the success of the negotiations of the Haig proposals. He maintained that if these proposals did not succeed the UK should go back to the UN for further negotiations.

Mrs Thatcher indicated scepticism about involving the UN further at this stage. She stressed that if anyone could succeed in mediation it would be Mr Haig, and said that the UN did not have the power to enforce compliance with its resolutions.

She stressed the constant activity in which Britain had been involved at the UN via Sir Anthony Parsons, UK permanent representative.

He has had continuing discussions with the UN Secretary-General on "contingency planning about the part the UN might be able to play in the longer term in negotiating and implementing a diplomatic settlement."

According to Mrs Thatcher Sir Anthony has advised that the UN Secretary-General is conscious of the problems involved in taking any initiative, particularly in view of the existing discussions at Security Council, the problem of establishing in advance whether any initiative would be acceptable to both parties, and the need for a clear mandate from the Security Council before taking any action.

Bridget Bloom, Defence Correspondent, writes: The Ministry of Defence has said that any aircraft or ships found within the 200-mile zone round the Falklands, or at the airport at Port Stanley, on East Falkland, after midday today will be regarded as hostile and be liable to attack.

Argentina has respected the sea blockade, termed maritime exclusion zone, which Britain imposed on April 12.

The big question today and in the next few days will be whether Buenos Aires decides to try to run the air blockade.

Argentina stepped up war preparations yesterday as the British deadline neared.

An air force spokesman in Comodoro Rivadavia, a major supply point for the Falklands, said that any British aircraft which approached that or the other southern Argentine cities of Rio Gallegos or Rio Grande "will not return to its base".

Anti-aircraft defences, radar and other electronic warning posts were reported tohave been strengthened round southern cities.

There was no news from the Falklands however, nor of the Argentine fleet, which the Ministry of Defence in London continued to say was strung out along the Argentine coast, within Argentine waters. Naval sources in Argentina said the British task force continued to approach the Falklands area

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Wall St.

the market had been generally more optimistic and had expecled some sort of compromise.

"The market had built in some expectations of a compromise which would have provided a more optimistic atmosphere," said Mr William Griggs, of J. Henry Schroder Bank and Trust Company.

But the breakdown of the Budget negotiations would have little effect on interest rates, he said, voicing the Wall Street's general view.

The market's main preoccupation continues to be the Federal Reserve's monetary policies and the weekly supply aggregates. M-1, the widely watched weekly measure, is currently growing at an annual rate of nearly 10 per cent, which is well above the Fed's 2½ per cent to 5½ per cent growth targets for M-1 this year.

Although some analysts now believe interest rates will start easing as early as next month, the market in general is still looking for a weakening in M-1. It is very concerned that this should occur in the current quarter which is traditionally a low treasury financing quarter.

The market is worried that, should M-1 not weaken, the economy will probably pick up in the third quarter at a time of heavy Treasury financing putting further pressure on interest rates.

Although the Treasury expects its financing needs for the third calendar quarter to range between $32bn and $37bn, Wall Street generally expects the requirements to be higher, ranging between $40bn and $50bn.